

ROMANIA'S AGENDA FOR THE PRESIDENCY OF THE EU COUNCIL

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13 September No.13, sect.5, Bucharest

ROMANIA

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Abstract: *Romania will have the Presidency of EU Council in the first semester of 2019 when Multiannual Financial Framework for 2021-2027 period should be adopted while Brexit negotiations must end and bring a final deal. Romania has to demonstrate a strong political vision on the role of the EU and on the progress of European integration. There are four defined priorities or major themes for Romanian presidency, inspired by the content of Rome Declaration (2017): Europe of convergence (growth, cohesion, competitiveness, connectivity), Europe of safety/security, Europe as a global actor, Europe of common values and how they meet or overlap with some of the 10 priorities established by Juncker Commission and presented in the report on State of the Union 2018 on September 12, 2018. Our paper presents an analysis concerning previous documents, policies and strategies promoted by EU that could support the priorities set by Romania and those of Juncker Commission.*

Keywords: *presidency, EU Council priorities, negotiations, convergence, safety, global actor, common values*

JEL Classification: *E 52, E 62, F 13, F 15, F 22, F36, F 45*

1. Introduction

It has remained less than 2 months until Romania will take over the presidency of EU Council. But the theme - of a crucial importance for Romanian politicians and decision makers, and especially for our diplomats, it is not sufficiently known to the public and it is somewhat absent from the public debate. Not only many citizens do not realize the importance and the magnitude of the subject, but even business environment does not seem too concerned or interested therein. While the misunderstanding of the favorable context created by the Romania's presidency of the EU Council may have little impact on the Romanian economy where most companies have interest and policies on short term, lacking or not being concerned with a long term vision, there are, of course, some people (bureaucrats or public officials) who perform some "backstage" work and get over the general indifference and ignorance, among them think tanks, NGO's, academic institutes, universities, journalists.

A certain public consultation has been organized in Romania this year for the definition of the main priorities during its first-ever presidency of EU Council and some 30 citizen dialogues are going to take place in Romania on this topic. Romanian publication Cursdeguvernare.ro, supported by the National Bank (Romania's central bank), held in June 2018 the conference "Romania at the EU Council presidency: making economic opportunities, the boundary between national interests and EU strategies". At this conference the Chief Economist of National Bank Valentin Lazea said that by taking over the EU Presidency in the first half of 2019 "Romania will need to demonstrate a strong political vision on the role of the EU and therefore how to advance the European project". Valentin Lazea believed that during that period Romania should become "an active player in finding political solutions and technical needs for European construction, at a time of multiple challenges". An official point of view is that Romania should come with its own contribution, especially since one has been spoken increasingly more, including at a high political level, on multiple scenarios of different speeds, in the context of discussions on the EU future. The period of the Romanian Presidency of the EU Council will be characterized by the joint effort of EU member states for finding responses to major challenges for the European project and defining its evolution in the next decade.

One of the issues facing the Romania's presidency, which must be continued and completed in the first half of 2019, is the adoption of the next Multiannual Financial Framework for 2021-2027 period that will involve tough negotiations between Member States. Valentin Lazea believed that "Romania's primary mission is to understand first of all the new philosophy of the EU budget" and to answer the question "What kind of Europe do we want?"

Another difficult issue is related to Brexit negotiations, which have proved extremely complicated so far. Theresa May is under further and strong pressure after the EU rejected parts of her so-called Chequers plan, but a spokesman for the European Commission declared "what we are trying to do is to negotiate a deal, it's time to pursue these negotiations and bring them to a good end." Chief negotiator of European Union representing European Commission commissioner Michel Barnier has proposed the extension of transition period due to frequent blockages and tough positions encountered in bilateral negotiations. Finally in November 2018 it was agreed a withdrawal agreement and an accompanying political declaration on the future relationship between EU and Great Britain, and Michel Barnier thinks that both parts will have full control over their own legislation and rule-making.

According to the National Bank Chief Economist, Valentin Lazea, for Romania, holding the presidency of the EU Council in the first half of 2019 means:

- Additional efforts for a better knowledge and deepening of all debated files;
- Acting as a honest mediator ("honest broker") among all other 26 Member States;
- Harmonizing positions and smoothing contradictions by applying compromise solutions;
- Preparing a plan B in the event that our priorities will not be reflected in the final document.

2. What kind of future is predicted for the EU?

After the Brexit shock European Union has entered a difficult period of reconsiderations and quests for its integration path with attempts to accelerate economic

and political integration. On January 31, 2017 before the Malta informal summit the president of European Council Donald Tusk has identified three main threats endangering the stability of Europe: a) the new geopolitical situation induced by China, Russia and by the new US president, b) the internal situation mirrored by increased nationalist and xenophobic feelings within EU, c) the mood of pro-European elites decreasing confidence in political integration, rallying to populist arguments and doubt/distrust in the fundamental values of liberal democracy. On March 1, 2017 Jean-Claude Juncker has released the White Paper on the Future of Europe containing 5 scenarios. The third scenario *Those Who Want More Do More*, that proposes that the EU-27 should allow to the willing Member States to do more together in specific areas, is a typical two speed Europe scenario. Related to this scenario, it should be noted that several times during 2017 Angela Merkel and Emmanuel Macron pleaded for a two speed Europe while the president of European Commission Jean Claude Juncker has tried, through the White Paper on the Future of Europe and other public interventions, an impossible political balancing between the ideal of unity and salvation of European political project, on the one hand, and the susceptibilities and growing reserves of the founding nations for a too much extended European Union on the other hand.

On the occasion of the celebration of the 60th anniversary of the Rome Treaty it was released a common declaration with 4 objectives:

1. A safe and secure Europe: a Union where all citizens feel safe and can move freely, with secured external borders, with an efficient migration policy, and fight against terrorism and organized crime.

2. A prosperous and sustainable Europe: a Union which creates growth and jobs; with a strong Single Market, with a single currency supporting growth, cohesion, competitiveness, innovation and exchange, with completing the Economic and Monetary Union; a Union where economies converge; a Union where energy is secure and affordable and the environment clean and safe.

3. A social Europe: a Union which, based on sustainable growth, promotes economic and social progress as well as cohesion and convergence, a Union which fights unemployment, discrimination, social exclusion and poverty; a Union where young people receive the best education and training and can study and find jobs across the continent; a Union which preserves our cultural heritage and promotes cultural diversity.

4. A stronger Europe on the global scene: a Union further developing existing partnerships, building new ones and promoting stability and prosperity in its immediate neighbourhood to the east and south, but also in the Middle East and across Africa and globally; a Union ready to take more responsibilities and to assist in creating a more competitive and integrated defence industry; a Union committed to strengthening its common security and defence, also in cooperation and complementarity with the North Atlantic Treaty Organisation, a Union engaged in the United Nations and standing for a rules-based multilateral system, proud of its values and protective of its people, promoting free and fair trade and a positive global climate policy.

The Rome declaration and its objectives inspired the Romania's agenda for the presidency of the EU Council.

3. Romania's main fields of interest or priorities for the presidency

Minister-delegate for European Affairs (Foreign Affairs Minister) Victor Negrescu said that Romania will take over the presidency of Council of the EU at a time of great transformation for the future of the European project. Consequently, Romania's performance will be judged by the number of cases closed, admitted Victor Negrescu, who said that there will be 170 legislative files, plus other dozens of non-legislative files. "We hope that previous presidencies from 2018 to finalize many of them, but one may see that common decisions are taken increasingly difficult," said Victor Negrescu. The former minister-delegate Victor Negrescu reviewed the main topics of interests or pillars for Romania's presidency:

- Europe of convergence: growth, cohesion, competitiveness, connectivity
- Europe of safety/security
- Europe as a global actor

Europe of common values

Deputy Minister announced that Romania will try to promote projects for each of the four pillars, exemplifying by the relaunching of Danube Strategy and creating a network of home affairs attachés.

"We study the possibility of organizing meetings in Moldova, to send an important signal in terms of Eastern Partnership", said Deputy Minister. Victor Negrescu said that the first half of 2019 will be a challenging one, in which "we must be realistic and proposing tangible proposals, leading to prosperity in the lives of everyday citizens."

From January the 1st to the end of June 2019, there will be about 250 meetings in the country and 1,400 in Brussels, as well as major events such as a European summit in Sibiu and ministerial meetings to be hosted by the Parliament Palace in Bucharest

The 10 priorities of the (Juncker) European Commission presented in the report State of Union 2018, which Romanian Presidency should take into account, refer to: 1. A new boost for jobs, growth and investment, 2. A connected Digital Single Market, 3. A resilient Energy Union with a forward-looking climate change policy, 4. A deeper and fairer Internal Market with a strengthened industrial base, 5. A deeper and fairer Economic and Monetary Union, 6. Trade: A balanced and progressive trade policy to harness globalisation, 7. An area of Justice and Fundamental Rights based on mutual trust, 8. Towards a new policy on migration, 9. A stronger global actor, 10. A Union of democratic changes.

4. How Romanian priorities are reflected by EU documents

4.1. Europe of convergence

The report of five presidents (European Commission, Eurosummit, Eurogroup, ECB, European Parliament) from June 22, 2015 revealed significant differences in fiscal policy from euro area, which creates instability for the whole EU and therefore requires substantial progress towards a real Economic Union based on common structural features, to a Financial Union based on a Banking Union and a Union of Capital Markets, ensuring the integrity of the single currency (euro) and risk sharing with the private sector, towards a fiscal union to ensure the fiscal sustainability and stabilization, towards a political union

based on democratic accountability, legitimacy and institutional strengthening. There is a common monetary policy in the euro area based on a single currency but there are implemented various economic policies that do not allow real convergence, especially in the absence of a fiscal union.

Real convergence can be achieved with a high rate of economic growth and employment but also requires a deepening of the single market, but sustainable convergence involves structural reforms in order to modernize their economies, i.e. more efficient product and labour markets and stronger public institutions (institutional convergence). On the short-term one may foresee a convergence towards the best performance and practices within the EU, aiming at better governance and achieving resilient economic structures within the euro area. In the medium term real convergence will be based on agreed legal standards and establishing a mechanism to absorb shocks.

On short term progress towards convergence, growth and jobs will be based on four pillars:

- *Creating a system of competitiveness authorities (CA) in the euro area;*
- *Implementation of the procedure for macroeconomic instability;*
- *Greater focus on employment and social performance;*
- *Stronger coordination of economic policies within the restructured European Semester.*

A national body responsible for monitoring the performance and policies of competitiveness has been recommended for each Member State from euro area to assess the dynamics of wages compared to labour productivity and progress with economic reforms aimed at increasing competitiveness, the role played by the public institutions and public policies to support productive companies. Under this system, the European Commission should coordinate national authorities on an annual basis and then should consider the result of this coordination when deciding on measures under the European Semester, in particular, for the Annual Growth Survey and for the decisions to be taken under the Macroeconomic Imbalance Procedure, including activation of the Excessive Imbalance Procedure.

In the medium term real convergence process involves the adoption of common standards focused mainly on labour markets, competitiveness, the business and government, and certain aspects of tax policy (for example, the taxable profit). Specific recommendations for each country and the excessive deficit procedure can be used to monitor progress towards the implementation of these standards, but one needs a depth scientific analysis for adopting standards and specific indicators, such as the flexicurity - combining security and flexibility in the labour market.

Reflection Paper on deepening EMU, published by the European Commission in May 2017 is a continuation of the Report of Five Presidents and brings into question four guiding principles:

- a) Employment, growth, social justice, economic convergence and financial stability;
- b) Responsibility and solidarity, reduction and risk sharing;
- c) EMU and its completion must remain open to all Member States;
- d) Decision-making process must become more transparent and democratic accountability must be ensured.

Reflection Paper advances a number of measures and options that may help building a clear vision for deepening EMU until 2025. This would require a general roadmap with clear order of measures, and options presented should include measures in three areas:

firstly would be the achievement of a genuine Financial Union, secondly would be a more integrated Economic and Fiscal Union, thirdly would be anchoring of democratic accountability and institution building in the Eurozone.

Reflection Paper addresses to getting the re-convergence through a more integrated Economic and Fiscal Union. It's *real convergence*, measured by indicators as income level and standard of living, including issues of economic and social cohesion achieved through balanced growth, price stability, full employment, *the nominal convergence* measured by macroeconomic indicators established Maastricht, *cyclical convergence* that is the alignment to the predominant economic cycle. Convergence to resilient economic structure does not necessarily mean harmonization of policies or economic situations, but common approaches and implementation tools appropriate to national specificity.

To achieve a greater convergence one may have in view reinforcing the Community framework, coordination of economic policies and of the use of structural funds, also one needs to improve the capacity for macroeconomic stabilization in the euro area. Single Market and the unions proposed provide a favourable convergence within EU and Eurozone, coordination of national policies impacting on convergence through the European Semester has its role, the same happens with a set of standards for public expenditures and investments in education, for more open and competitive markets for goods and services, for more efficient and equitable system of taxes and benefits, and setting minimum social standards. European Semester Priorities should be linked more closely with the use of structural funds and European investment funds. Community budget may not have by its size a stabilizing effect but may promote the convergence of financial cycle. It may be created a special fund or set payments dedicated to stimulate reforms aiming at convergence.

A Convergence Report is published by ECB at least once every two years or at the request of an EU Member State which would like to join the euro area. Both the ECB and the European Commission issue these reports describing the progress made by non-euro area Member States towards achieving the criteria necessary for a country to adopt the euro. Within European Semester non euro countries must submit to European Commission the "Convergence Programmes", which include additional information about monetary policies and these documents are used by the Commission and by finance ministers to assess whether Member States are on track towards reaching their Medium-Term Budgetary Objectives (MTOs) on the basis of two pillars: structural balance analysis and the expenditure benchmark.

4.2. Europe of safety/security

Within the seventh priority of European Commission from the Report on the State of Union 2018 (12 September 2018) *An Area of Justice and Fundamental Rights Based on Mutual Trust*, it is mentioned that Juncker Commission has made security a top priority and has come up with some initiatives in 2017 to build the foundations for an effective and genuine Security Union. This means plans for civil protection for helping population affected by natural disasters, the fifth Anti-Money Laundering Directive, in force since July 2018, fight against illegal content online of terrorist propaganda, by removing it within 24 hours, strengthening the Schengen Information System, for sharing more relevant information and for making alerts on terrorist suspects, the new European Travel Information and Authorisation System (ETIAS), a strong European Agency for the

Operational Management of Large Scale-IT Systems in the Area of Freedom, Security and Justice, new rules on Passenger Name Record, increasing the security budget to 4 billion euro for 2021-2027 period.

Within the eighth priority of European Commission from the Report on the State of Union 2018 (12 September 2018) *Towards a new Policy on Migration*, one may find some security issues like reinforcing Coast Guard Agency by transforming it into a genuine European Border and Coast Guard with 10,000 people, fight against migrant smuggling and criminal networks on the high seas, stopping irregular migration, implementing successful EU resettlement programmes and a more efficient EU return policy.

4.3. Europe as a global actor

Within the ninth priority of European Commission from the Report on the State of Union 2018 (12 September 2018) *A Stronger Global Actor*, Juncker Commission proposed to increase the external action budget (more flexible and effective) to 123 billion euro for the period 2021-2027. It also proposed an ambitious Western Balkans strategy, it has developed strong relations with all six Eastern Partnership countries, it has provided donor of 11 billion euro for Syrian crisis, it has made efforts for finding political solutions in Northern Africa and Middle East conflicts, supports the full and effective implementation of the Iran nuclear deal, is engaged in promoting security and non-proliferation in Eastern Asia and across the continent, gives support for Colombia, Cuba, Venezuela. EU is the biggest donor of development and humanitarian assistance globally, it has launched the EU's External Investment Plan for African and European neighbourhood countries (44 billion euro in 2020), it has allocated 1 billion euro for EU humanitarian assistance yearly (for almost 120 million people around the world), it has remained a key player in the G7 and G20 formats, it has signed a second Joint Declaration with NATO, it has started to build a European Defence Union, based on a Permanent Structured Cooperation, European Defence Fund (13 billion euro for 2021-2027 period), other programmes, a European Peace Facility (10.5 billion euro).

4.4. Europe of common values

Within the tenth priority of European Commission from the Report on the State of Union 2018 (12 September 2018) *A Union of Democratic Change* Juncker Commission showed its efforts to make the EU more democratic. European Parliament and EU Council accepted Juncker's proposals for revising the rules for funding European political parties by increasing transparency and by improving democratic legitimacy. Commission has already presented some practical measures for improving the connection between EU Leaders and citizens at the next European elections (Citizens' Dialogues and "Spitzenkandidaten" process) and has adopted a new Code of Conduct for the Members of the Commission. The European Commission has enhanced and reformed the role of European Citizens Initiative and now the public may better contribute to the legislative process. Under the subsidiarity and proportionality principles national Parliaments can comment on draft legislation which may be reviewed and improved. European Commission has proposed a mandatory Joint Transparency Register, where almost 12,000 organizations and individuals now appear. European Commission has a special partnership

with national Parliaments, European Parliaments and citizens. European Ombudsman, established by the Maastricht Treaty and elected by the European Parliament, plays an important role by issuing decisions and recommendations to European institutions and agencies related to maladministration: administrative irregularities, unfairness, discrimination, abuse of power, failure to reply, refusal of information or unnecessary delay.

Juncker Commission believes that journalists are important actors of democracy and must be protected, there are too many disagreements and disputes between national governments and European institutions full of polemical and often defamatory attacks, Commission firmly opposes to any interference with the rule of law in the Member States and if the rule of law is at risk it should be applied Article 7, respecting the rule of law and abiding by Court decisions, particularly those adopted by the EU Court of Justice are not optional but compulsory. Juncker wants to do more to bring together the East and West of Europe and to end the spectacle of a divided Europe. European Union must also take better care of its social dimension. Juncker rejects unhealthy nationalism and embraces enlightened patriotism because one should never forget that the patriotism of the 21st Century is two-fold: both European and national, with one not excluding the other.

5. Conclusions

Romania has established ambitious and difficult priorities for the presidency of EU Council. Besides unfinished legislative and non-legislative files Romania will face the big files of Europe, aiming at achieving a common security and defence policy, economic development and convergence, finalizing Brexit process, defining financial perspective 2021-2027, where it may have a card to play or a hard word to say, if the negotiations will not deploy as it has been expected because multiple obstacles and opposing positions may arise, reflecting different interests and certain tense relations between some national governments from Poland, Hungary and Romania on one side and European Commission and European Parliament on the other side.

Leaders from France and Germany, and the President and Prime Vice-President of the European Commission threatened with penalties that may be introduced to European funds for the violations of the rule of law, actually an excuse to redirect a part of cohesion funds from Eastern to Southern Europe. Penalizing some new Member States during the next financial framework is sharply contrasting with increasing external financial assistance, especially that offered to African countries.

Romania could prepare a defining project for the EU and Romania, a topic of great impact as the Danube Strategy (SUERD), for which took over the presidency on 18-19 October in Sofia. On 8 December 2010, the European Commission endorsed and published the EU Strategy for the Danube Region, consisting of a Communication and an Action Plan. The four priority axes of the Strategy are: connectivity, environment protection, building prosperity in the Danube region and improved governance.

Romania will face another important challenge during its presidency of EU Council, the elections for European Parliament which will take place in May 2019. European elections will take place amid increasing populist and extremist movements as a result of the great political mistakes made by political leaders and traditional parties, the effects of financial and economic crisis and also due to ineffective and counterproductive bureaucracy promoted by Brussels.

Complicated geopolitical and geo-economic developments deploying nowadays show that Europe must quickly move forward with economic and social integration, especially with the project of fully implementing the Economic Union. For Eastern Europe it is imperative to implement structural reforms and prepare seriously for a rapid accession to the Eurozone.

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