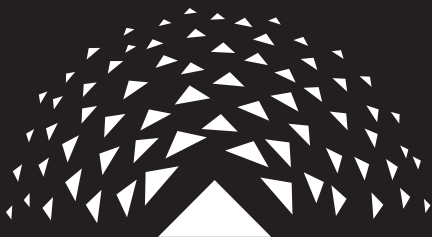


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What Can Be Expected of
Germany's Presidency of the
Council of the European Union?

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In the 4:1 series of the Institute for Foreign Affairs and Trade, four researchers give a short answer to the same questions concerning international politics and economics. Our aim is to launch the scientific debates in Hungary and promote dialogue among experts. In this issue, our topic is: "What Can Be Expected of Germany's Presidency of the Council of the European Union?"

TAMÁS CSIKI VARGA

The powerful dual constellation of German politicians in European leading positions, Ursula von der Leyen heading the European Commission and Chancellor Angela Merkel leading the German EU Presidency in the second half of 2020, offers a rare opportunity. There seems to be a chance to take a strategic outlook and apply a common European interest-driven approach which would ensure that the decisions that will soon be undertaken on budgetary and other key issues will provide not only economic recovery and stability for Europe but also the foundations of the long-term ability to represent European interests and take effective action when these interests are harmed. This is an imperative even in the midst of the tit for tat infighting and bargaining of member states.

Ever since [Ursula von der Leyen introduced her 'geopolitical Commission'](#), pro-EU expectations have been great that Germany would/could/should use its economic power and political weight to push the European agenda of strengthening strategic autonomy and forge the necessary compromises for a functional European Union. Sharing the Trio-Presidency with Portugal and Slovenia in 2021 offers Germany the political leverage of being the driving force behind the mid-term trio programs for a year and a half. This is a rare opportunity, but also a necessity: the necessity to act, take definite steps to pave the way for re-starting the European economy, European political cooperation, and our common capability to act when facing internal and external challenges.

There is no need to emphasize the importance of reaching a deal on [Next Generation EU](#) and the [2021–2027 MFF](#). Elaborate work with member states, however, should continue afterwards, based on a fresh approach that is strategic, long-term, and reflects European interests vis-à-vis external actors such as the United States or China, or crises in Syria and Libya. Beyond securing the economic background for the functioning of the EU, this could be the added value of the German presidency: a reassessment and articulation of the EU's pragmatic, operationalized goals based on the recently announced ['Strategic Compass'](#) that goes beyond the vision of the [Global Strategy](#).

Work on the Strategic Compass and afterwards should apply a realist geopolitical approach across all member states and to all contested and debated issues, driven by Berlin and formalized in Brussels. A definite position is to be clarified on China, keeping in mind her economic, R&D, investment, cyber, and intelligence strategies in Europe, while the same goes to Russia, keeping in mind her military actions in



Ukraine, Syria, Libya, as well as energy, intelligence, and cyber policies towards Europe – just to name a few examples. Last but not least, underpinning Germany's self-defined greater ambition and willingness to achieve more internationally, the number one goal must be to 'reset' relations with the United States and [shake up the 'European Pillow'](#) of NATO (as [ret.] Gen. Ben Hodges recently puts it). Giving up on the Transatlantic security community due to growing international economic competition and replacing it with transactional moves targeting the respective shores of the Atlantic – instead of forging new foundations of economic, political, and security cooperation in opposition to other global poles of power – would be a historical mistake.

The two broad issues outlined above will go hand in hand throughout the next six months: creating the Strategic Compass and designing 'operationalized' steps to be taken in the international arena must be underpinned by resources. The balance within resourcing the European agenda is crucial to ensure the viability of the strategic goals set. Germany as the economic powerhouse of the EU and Chancellor Merkel as the prime deal-forgoer of the EU, supported by the Commission, shall get to securing meaningful results because we can boldly state that goals without earmarked resources are merely visions, and as former Chancellor of Germany Helmut Schmidt put it, "[people with visions should go to the doctor](#)".

ANNA-LENA KIRCH

Given the circumstances, the German EU Council Presidency will primarily be a Corona presidency. That does, however, not mean that it will exclusively focus on issues such as economic recovery and the provision of financial aid. The list of challenges is tremendously long, and expectations from all sides are very high. The overarching motive of the presidency is therefore to get to work: "together for Europe's recovery". Beside the MFF negotiations and the proposal for an economic recovery fund, European sovereignty is a central motive.

Germany has drawn the lesson from the Corona pandemic that especially in times of crisis it can be very harmful to be strongly dependent on third countries or large non-European companies. Protective face masks and medicines were one example where dependence on countries like China and India but also the US became painfully visible once exports were purposefully stopped and/or hampered due to crisis-driven interruptions of global supply chains. As a result, German health minister Jens Spahn has stated repeatedly in the last weeks and months that, going forward, Europe has to become more autonomous and sovereign with regard to the production and supply of medical equipment and medicines in order to be more resilient in the future. Similar observations and conclusions were expressed regarding European digital infrastructure, strategic industries more broadly, as well as security and defence.

During her speech before the European Parliament on 8 July 2020, German chancellor Angela Merkel also explicitly addressed European sovereignty as one of the overarching priorities of Germany's Council Presidency. In fact, the working programme for the Council presidency touches upon several measures to pursue health, tech, or industrial sovereignty, including strategies to counter market distortions driven by third countries, joint procurement efforts, investment in more research and innovation, the creation of EU-wide infrastructure, as well as the enhanced cooperation efforts of European member states, enterprises and other stakeholders.

Economic recovery is in many ways a crucial precondition to promoting European sovereignty in different sectors. The EU can only be as powerful as its building blocks – member states and national economies. In line with the stance of the European Commission, Berlin advocates a recovery strategy that is built on sustainable reforms and investments in line with the European Green Deal and a European digitisation strategy, thereby contributing to the goal of more sovereignty. The two priorities thus go hand in hand.

In addition, Berlin is well aware that the European reform agenda and the long list of priorities for the Council presidency can only be effectively pursued when the crisis of trust that was caused in the early stage of the Corona pandemic can be mitigated: many EU member states closed their borders in an uncoordinated way and the export of essential medical equipment was stopped in many member states, while Italy, for instance, was asking for support in granting a supply of medical equipment. Only after a couple of weeks did EU coordination become smoother and acts of solidarity resurface. It will thus be tough to convince those EU members that did not perceive the EU to be capable of acting during the Corona crisis or perceived an absence of intra-European solidarity that a stronger EU is their best option for becoming more resilient going forward. The risk is eminent that many member states will look for alternative partnerships and opt for back-up plans, resulting in an overall more transactional stance on the EU. In a couple of months, the German Council Presidency will thus be judged on whether it has succeeded in halting a trend of further fragmentation and in turning the crisis into an opportunity – in line with the hopeful and very optimistic scenario that Merkel outlined before the European Parliament.

KRISTINA KURZE

Almost everyone seems to have high expectations when it comes to Germany's EU Presidency. For the second time, Chancellor Angela Merkel is taking up the role of an "honest broker" in turbulent times. Thirteen years ago, in the first half of 2007, the EU faced a constitutional crisis, which was mainly resolved with the Lisbon Treaty. Climate change, which was not perceived as a crisis yet, emerged, however, as a priority on the EU's agenda. And indeed, 2007 was



marked by far-reaching decisions in EU energy and climate policy. The March 2007 European Council agreed on the so-called "20-20-20-targets", including a binding unilateral target for the EU to reduce greenhouse gas emissions by 2020. Hence, the EU clearly demonstrated climate leadership to the rest of the world. As one of the leading politicians in this process, Chancellor Merkel received the nickname *Klimakanzlerin* ("climate chancellor"). However, living up to this reputation has been quite difficult for the German government over the past years (for instance because of Germany's reliance on coal and the political influence of car manufactures). Still, the current EU Presidency poses a timely opportunity to revive the climate leadership of Germany and the EU as a whole. Undoubtedly, the main focus of the Presidency will be on Europe's (economic) recovery from the Covid-19 pandemic. Yet, this legitimate objective will not necessarily have to undermine an ambitious climate policy, as some observers fear. On the contrary, both climate change and the consequences of the Covid-19 pandemic can and should be dealt with in a coherent, smart and sustainable manner. Nothing less is now expected from the German EU Presidency. NGOs, business stakeholders, as well as high-ranking politicians, including representatives of the EU institutions, generally promote the vision of a "green recovery".

But what can be expected from the *Klimakanzlerin* in the coming months? Will the German Presidency actually manage to set the EU on a greener path? The official programme, entitled "Together for Europe's recovery", clearly draws on the narrative of a green recovery. Accordingly, Germany aims to work towards a "sustainable economic and social recovery" based on the "European Green Deal", a comprehensive green growth strategy proposed by the European Commission in December 2019. Chapter IV of the programme "A sustainable Europe" focuses on the Presidency's green priorities in more detail. One of them is the adoption of a more ambitious climate target for 2030, i.e. the EU's contribution to the UN Paris Agreement (also known as nationally determined contribution, NDC). The Commission's proposal to increase the NDC from 40% to 55% is supported by the European Parliament and most of the member states. However, Poland and the other Visegrád countries have been sceptical so far. Thus, an agreement will not be easy to reach. However, a more ambitious target is highly important to maintain the EU's credibility as a global climate leader. The same goes for the drafting of the so-called "Climate Law", which aims to legally enshrine the goal for the EU to become climate-neutral by 2050. Hence, Chancellor Merkel and in particular Svenja Schulze, Minister for the Environment, will have to make great efforts to get the Visegrád countries on board. Despite the existing differences, compromises are possible in Brussels: heads of state and government agreed in July 2020 – during one of the longest European Council summits – on linking EU spending to the implementation of EU climate targets and the objectives of the Paris Agreement. More precisely, an ["overall climate target of 30% will apply to the total amount of expenditure from"](#) the Multiannual Financial Framework (2021–2027) and the Covid-19 recovery fund. That is more than the 25% originally proposed by the European Commission. The introduction of "climate conditionality" can be considered as a crucial first step. Now,

stringent spending criteria and more ambitious climate targets will have to follow. Eventually, these actions will be decisive for Merkel's legacy as the *Klimakanzlerin*. More importantly, they will be vital for Europe's green recovery.

TAMÁS LEVENTE MOLNÁR

There are not many politicians who could lead the presidency of the Council of the EU more than once. Chancellor Merkel is one of them. The last time Germany held the presidency was in 2007. Back then, there was a high level of uncertainty concerning the direction of the European integration process, following the French and Dutch citizens' rejection of the European Constitution in 2005. It was the German presidency that was able to broker a compromise between the Member States that ultimately led to the Lisbon Treaty. This time, the challenges are even greater. After a decade of a series of crises – the 2008–2009 global financial crisis, the eurozone crisis, the 2015 migration crisis, and Brexit – many officials in Brussels hoped the EU could finally go back to business as usual and finally have time to think about the future course of the integration. Then Covid–19 struck, with a death toll of over 130,000 people in the EU.

The most important objective of the presidency will be to overcome the Covid–19 pandemic and prepare the economic recovery according to its official [program](#). Under the heading of "Together for Europe's recovery", the German presidency document clearly states that the key instrument for recovery will be the next MFF. Reaching a timely agreement on the next budget was one of Germany's main objective to ensure the continuous flow of EU funds in 2021. This was accomplished during the special European Council summit 17–21 July when EU leaders agreed on the cornerstones of the MFF and the Next Generation EU (recovery fund): EUR 1.074 trillion and EUR 750 billion, of which 390 billion EUR will be for grants and 360 billion EUR for loans (the latter is a watered-down version of the Franco–German initiative for EUR 500 billion in grants and EUR 250 billion in loans). Many observers evaluate the NGEU as something of a first move towards the "Hamiltonian moment" of the EU: the preparation of a possible treaty change, which might end up in a common European tax that would back common borrowing. The forged deal came after hard negotiations due to the member states' significantly divergent positions both on the MFF and the recovery fund. President Charles Michel [referred](#) to the agreement as to the "right deal for Europe", which is yet to be approved by the European Parliament. Many MEPs already [signalled](#) that they will "not rubber-stamp a *fait accompli*" unless some significant changes are done regarding the agreement's poor record on climate policy or rule of law. In the current phase, the negotiations are between EU institutions, nevertheless, it does not mean that German stakeholders will not deploy their persuasive efforts, so the deal could get passed in the EP after the summer recess.



Another important matter of the presidency will be Brexit. Here, the European Commission plays the main role as the chief negotiator; however, the presidency can also play a crucial role in supporting the EU negotiations and preserving the unity of the EU27. Under current circumstances, the UK's transition period will end on 31 December, and it is yet to be seen what the contours of future EU–UK relations will look like. In her presidency kick-off speech in the European Parliament Chancellor Merkel already [warned](#) to be prepared in case of a "no-trade-deal".

The presidency will further support the Commission's legislative initiatives as well. The European Green Deal, the flagship project of the Von der Leyen Commission, has an outstanding role among the other dossiers. The German presidency is keen to support the EU's ambitious climate goals of environmental and biodiversity policy, as well as sustainable agriculture – as the program lists. Finally, the presidency will take forward the reform of the Common European Asylum System, a long-standing goal of the Merkel government.

To conclude, due to circumstances caused by the pandemic and because of Germany's outstanding role in the EU, the expectations towards its presidency are extremely high. At the same time, German decision-makers did not try to escape responsibility by presenting an over-ambitious program. It has to be stated, however, that the institutional weight of the presidency has greatly diminished since the Lisbon Treaty, making it difficult to deliver convincing results on the set goals. As a paper from the German [SWP](#) states, "a successful presidency is characterised above all by acting as an 'honest broker' and facilitating compromises...". This means making decisions the way the EU is used to doing it: many might be unsatisfied with the outcome, but most will be able to accept it.