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The Danish EU Presidency 2012: A Midterm Report

Sieps
Swedish Institute for European Policy Studies

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Preface

The Swedish Institute for European Policy Studies bi-annually publishes a report on the incumbent presidency of the EU focusing on the agenda, domestic factors and the country's specific relation to the European integration process.

The role of the rotating presidency of the council has gone through a considerable change since the entry into force of the Lisbon treaty. The European Council is now chaired by a permanent President and foreign affairs are placed under the chairmanship of the High Representative. Furthermore, the presidencies are more systematically coordinated within a Trio of presidencies. These changes limit the role of the presidency, but there are still many tasks that remain in the hands of the country holding the presidency.

The Danish Presidency has faced a number of serious challenges during its tenure. The economic crisis and the difficult situation within the Eurozone have been central to the common European agenda. As Denmark has a formal opt-out from the EMU, it is not part of the Eurozone and has therefore been forced to find ways to secure the smooth cooperation between the presidency and the countries that have adopted the common currency. Denmark has tried to act as a bridge-builder between the countries that have the common currency and the other member states.

The biggest task for the Trio presidency consisting of Poland, Denmark and Cyprus is to negotiate the next multi-annual framework for the EU budget, something that most likely will be closed during the Cypriot Precidency. During the initial period of the Danish Presidency a number of concrete results have been achieved; the successful closure of the regulation on trade with fiscal derivatives, the Council agreement on the European Commission's 'two-pack', and the granting of EU candidate status to Serbia are but a few examples.

Anna Stellinger
Head of Agency

SIEPS carries out multidisciplinary research in current European affairs. As an independent governmental agency, we connect academic analysis and policymaking at Swedish and European levels.

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Executive summary

Denmark assumed its seventh Presidency of the Council of the European Union (EU) on 1 January 2012, just three months after a new centre-left government under the leadership of Helle Thorning-Schmidt of the Social Democrats had assumed power. Despite dismal domestic opinion polls for the new government, tough financial cutbacks imposed on the central administration, and the continuing burden imposed by the financial crisis on European politics, the performance of the new government had by mid-March lived up to its relatively modest expectations. In short, the Danish Presidency is aiming at facilitating progress towards a more *responsible*, *dynamic*, *green*, and *safe* Europe.

That being the case, the 2012 Danish EU Presidency is fundamentally different from what it was ten years ago. In December 2002, under the spotlight of the world's media, the Danish Presidency sealed the EU's enlargement with ten eastern, central and southern European countries at a European Council summit in Copenhagen. Aside from the obvious issue of timing - the negotiations ahead of the EU's historic enlargement prior to the Danish Presidency had advanced just enough to become closed, and no such grand challenge is on the table of the 2012 Danish Presidency - the Presidency as an institution is also different from what it was when Denmark last chaired the Council.

In 2009, changes introduced by the Lisbon Treaty significantly altered the role of the rotating Presidency of the Council of the European Union. The European Council was now formally established as a separate entity, chaired by a permanent President. Foreign Affairs was removed from the General Affairs Council and placed under the authority of a new High Representative of the Union for Foreign Affairs and Security Policy. At the same time, the Treaty laid down the new principle of triple Presidencies, encouraging a group of three successive Presidencies to cooperate on a common political programme.

The 2012 Danish Presidency of the Council of the EU is the fifth national Presidency following the Lisbon Treaty. Hence it provides a good opportunity to reflect on what the treaty changes mean in practice. What is the role of

today's Presidency? And what opportunities are left for a small Member State like Denmark as President?

Although the post-Lisbon rotating Presidency no longer has such a visible role in foreign policy and at the summits of heads of state or government, it still constitutes an enormous undertaking for national government and central administration, especially in smaller Member States. To evaluate the mid-term performance of the Danish Presidency, this report considers both its domestic context, i.e. Denmark's particular history of European integration, its preparations and priorities for the Presidency, and the Presidency's achievements so far in the various Council negotiations.

The biggest and toughest policy issue on Denmark's table, and for the Polish-Danish-Cypriot trio as a whole, is the negotiations about the future EU budget - the multi-annual financial framework. Denmark's aim is to take the budget negotiations as far as possible, but owing to the broader timing of this dossier, it will not be brought to a close under the Danish term. In any case, it will be up to the President of the European Council to decide on process and content in the final stages of these negotiations. Getting relations right with both the President of the European Council and the High Representative of the Union for Foreign Affairs and Security Policy, as well as with the European Parliament, which was also given more competencies with the Lisbon Treaty, is one of the key tasks of today's rotating Presidencies.

In line with post-Lisbon requirements, Denmark's focus has been on getting the internal workings of the Council right. During its first months at the helm, Denmark's emphasis on achieving concrete results through hard work has brought results – the successful closure of the regulation on trade with fiscal derivatives, the Council agreement on the European Commission's 'two-pack', and the granting of EU candidate status to Serbia are but a few examples. There have also been disappointments, the inability to reach consensus on the low carbon 2050 roadmap, a clear Danish priority, being a poignant case in point.

In a longer time perspective, a key challenge for the Danish government is not so much to get the internal workings of the Council right, but rather how to communicate the Presidency's achievements to a Danish public renowned

for its strong euroscepticism. When assuming power in autumn 2011, the new government indicated that it would invite the Danes to the polls for a seventh EU referendum during the subsequent autumn (2012). On the agenda would be the Danish opt-outs on justice and home affairs and defence. The government was hoping that a well-run Presidency would have convinced the Danes of the congruence between Danish and European interests, and also that a small country could have impact on European affairs.

The 2012 Presidency may not provide the solid platform the government had hoped for - talks about a referendum were essentially muted during the early months of the Presidency.[1] Nevertheless, the good news for the government is that polls show that Danish euroscepticism is not as prevalent as many believe, albeit it is infamous in Denmark and Europe because of two rejected referenda, and that it is mainly targeted on matters that are perceived to be closely linked to national sovereignty. With respect to the appreciation of the EU's role in economic affairs, the Danish population may even contend for the prize of the most EU-supportive Member State.

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[1] See Adler-Nissen, R. (2012), Danish presidency risks being hoist on its referendum petard, *Europe's World*, Spring issue, p. 131.

Abbreviations

CAP: Common Agricultural Policy

EU27: The European Union's current 27 Member States

ECOFIN: Economic and Financial Affairs Council

ESM: European Stability Mechanism

EFSF: European Financial Stability Facility

IMF: International Monetary Fund

JHA: Justice and Home Affairs Council

MEP: Members of the European Parliament

SEA: Single European Act

TEU: Treaty of the European Union
(also known as the Maastricht Treaty)

1 Introduction

Amidst the vast changes that have taken place in the EU's institutional and political set-up since the 1957 Rome Treaty, the rotating Presidency of the Council of Ministers stands out as a remarkably stable feature of European governance. One reason for its persistent appeal, no doubt, is that the rotating chair is a tangible manifestation of the principle of equal ownership of the Union by small and large Member States alike. Through the power of agenda-shaping, and the chairing of Council meetings, the six-month Presidency has been known to boost the bargaining power of the Member State at the helm, providing it with a unique leadership role in policy-making negotiations.[2] Over time, however, an increasing (and increasingly diverse) number of Member States, together with a rapidly growing workload, have made evident the need for better policy coordination and consistency of EU affairs.

In 2009, in response to the above, the Lisbon Treaty significantly changed the role of the rotating Presidency, separating the European Council from the Council of the European Union, while simultaneously removing foreign affairs from the General Affairs Council formation. Translated into the jargon of day-to-day EU politics, this means that two of the most important Council formations are no longer the responsibility of the rotating Presidency's prime and foreign ministers. Instead they are the prerogative of a permanent President of the European Council and a High Representative of the Union for Foreign Affairs and Security Policy. The Lisbon Treaty also formally laid down the principle of trio Presidencies, which encourages a group of three successive Presidencies to cooperate on a common political programme.

The 2012 Danish Presidency of the Council of the European Union, the fifth national Presidency following the Treaty of Lisbon, provides a good opportunity to reflect on what these treaty changes mean in practice. Several elements need to be taken into account. The success of a 'classic' Presidency was typically measured (at least in the media) by how it handled the external representation of the Union as well as the two formal European Council

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2 See, for instance, Metcalfe, D. (2008): Leadership in European Union Negotiations: The Presidency of the Council**,** *International Negotiation*, Vol. 3, No. 3, pp. 413-434**;** or Schalk, J. et al. (2007): The Power of the Presidency in EU Council Decision-making, *European Union Politics*, Vol. 8, No. 2, pp. 229-250.

meetings typically held during its six-month term. In contrast, success, in a post-Lisbon understanding, centres largely on the Presidency's ability to move forward on key dossiers in the nine sectoral Council formations it chairs,[3] and on its ability to manoeuvre between the President of the European Council and the High Representative of the Union for Foreign Affairs and Security Policy. Crisis management continues to be an important, often unpredictable, factor impacting on the performance of a Presidency.

Any mid-term report of a Council Presidency also has to take into account the general tendency of progressively heavier meeting agendas towards the end of a Presidency term. The June or December General Affairs Councils are typically when the big, sensitive files, which have an important bearing on evaluations of the Presidency's overall performance, are concluded. Therefore this mid-term report focuses on the domestic and international context of the Danish Presidency, its preparations, priorities and cooperation with Poland and Cyprus, alongside, of course, an evaluation of progress to date in key dossiers.

It does so by first setting out the domestic context in which the Presidency is placed, including a critical account of the role of Danish euroscepticism and Denmark's opt-outs from the single currency, justice and home affairs and defence. It then sets the scene for the 2012 Danish Presidency by reflecting on what – and how – national Presidencies are able to deliver 'post-Lisbon'. A general overview of the preparations, institutional set-up, main priorities and cooperation within the trio is given before we look more closely at what has been achieved so far in key dossiers.

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[3] These nine Council formations are: the General Affairs Council; the Economic and Financial Affairs Council; the Agriculture and Fisheries Council; the Justice and Home Affairs Council; the Employment, Social Policy, Health and Consumer Affairs Council; the Competitiveness Council; the Transport, Telecommunications and Energy Council; the Environment Council; and the Education, Youth, Culture and Sport Council.

2 The domestic context of the Danish Presidency

In line with the six Presidencies preceding it, Denmark introduced its Presidency programme with a reference to the major economic challenges (still) facing Europe. Although responsibility for chairing and directing policy-making in this area is today split between several high-level actors (the main ones being the European Council, the Eurogroup, and the Economic and Financial Affairs Council, ECOFIN), this upfront reference reminds us that the way in which Denmark carries out the tasks of its Presidency is to a large extent shaped by the domestic and European context it finds itself in.

This section addresses the domestic context of the Danish Presidency and considers, in particular, the political climate of the present government, which was elected just three months ahead of the Presidency. Given Denmark's eurosceptic reputation, we also consider public opinion about Denmark's EU membership and about European integration more generally. The four Danish EU opt-outs are also introduced.

2.1 Domestic political context

General elections in Denmark took place on 15 September 2011, just three months prior to the Presidency. Going against today's trend towards right-wing governments across the EU, a centre-left coalition consisting of the Social Democrats and the Socialist People's Party assumed power under the leadership of Helle Thorning-Schmidt of the Social Democrats – Denmark's first female Prime Minister. The elections ousted the centre-right coalition that had been in power for ten years under the leadership of Anders Fogh Rasmussen (who led the Danish 2002 Presidency, and later became Secretary-General of NATO) and, subsequently, Lars Løkke Rasmussen, both from the Liberal Party.

Incidentally, this follows a pattern set by the previous two EU Presidencies in Denmark. In 2002, Anders Fogh Rasmussen's government had assumed power just half a year earlier; in 1993, the change of government took place during the course of the Presidency, with Poul Nyrup Rasmussen, a Social Democrat, assuming the position of head of the EU Presidency.

Thus far, Ms Thorning-Schmidt's first half-year as Prime Minister has not been smooth sailing on the domestic front. On the contrary, her first months in office have been characterised by decreasing support in opinion polls. In early March, a poll by Greens Analyseinstitut in the Børsen daily newspaper showed that only 18.5 per cent of the public backed the Social Democrats, a historically low figure. The Socialist People's Party, too, has seen its support erode, which gives the opposition a comfortable lead in the polls.

The dissatisfaction with the current performance of the government does not have much to do with its handling of the Presidency. Rather, it is caused by the government's perceived inability to deliver on domestic election promises. Its withdrawal in February of an election campaign promise to introduce a new congestion charge in Copenhagen, for example, prompted widespread criticism, including from its own supporters.

Likewise, it is unlikely that the poor polls will impact in any significant way on Denmark's Presidency or affect Danish European policy. Danish EU policies are traditionally characterised by a broad parliamentary consensus across the majority of the political parties. The permanent, powerful European committee in the Danish Parliament, with representatives from all the political parties, is charged with giving the Danish government its mandate prior to all Council meetings. This usually ensures broad parliamentary support for Danish EU policy, and consistency from one government to the next. Because of this well-established EU coordination process, the centre-left government's negotiating position at the various Council dossiers is unlikely to be dramatically different from how it would have been under, for example, the previous liberal-conservative government. The Danish EU coordination process may contribute to making the Danish government's centre-left stance, within the sea of European centre-right governments, less effective when it comes to EU matters.

As an example of the broad political consensus on EU politics in Denmark, the government's recent decision not to hold a referendum on Danish participation in the new Fiscal Pact, a potentially sensitive issue given the history of Danish euroscepticism, did not give rise to major disagreements

with the government's main parliamentary rivals: the centre-right Liberal Party and the Conservative Party.[4]

If dismal opinion polls trouble the political leadership of the Danish Presidency, financial cutbacks challenge its administrative arm. Denmark's tenure is marked by general austerity measures that are imposed on most of the Danish central administration, including significant lay-offs across several ministries during the early months of 2012. Compared with the staff-heavy Polish Presidency during the second half of 2011, relatively few Danish civil servants handle the Presidency. Several years of meticulous preparation, alongside Denmark's long experience with Presidencies, help, but for the civil servants concerned the handling of the Presidency involves an extremely heavy workload both in terms of planning and in terms of the actual execution of the Presidency.

2.2 Public opinion

'Eurosceptics at the helm of Europe' read a French newspaper headline on 2 January 2012,[5] the first working day of the Danish Presidency. Denmark's eurosceptic reputation has been hard-etched into the European consciousness by a record of difficult EU referenda and opt-outs, but there are several reasons why this headline may nonetheless be somewhat misleading today.

2.2.1 Danish euroscepticism: the reputation...

Denmark's version of European integration is almost antithetical to the famous account of a 'permissive consensus' put forward by Leon Lindberg and Stuart Scheingold after the first decades of European integration.[6] According to this thesis, EU leaders are able to pursue integration thanks to a passively accepting and, to a large extent, uninterested public. Indeed, Denmark's 40

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4 The decision not to hold a referendum on the Fiscal Pact did provoke severe criticism, however, by the eurosceptic far-right Danish People's Party and the eurosceptic far-left Unity List – two parties that rarely participate in the otherwise widespread consensus on EU affairs in the Danish parliament.

5 http://www.lavoixdunord.fr/France_Monde/actualite/Secteur_France_Monde/2012/01/05/article_danemark-un-eurosceptique-a-la-tete-de-l.shtml and http://www.ouest-france.fr/actu/international_detail_-Les-eurosceptiques-danois-a-la-tete-de-l-Europe-_3637-2027747_actu.Htm (both articles consulted 11 April 2012).

6 Lindberg, L. and S. Scheingold, *Europe's Would-Be Polity: Patterns of Change in the European Community*, Prentice-Hall, Englewood Cliffs, NJ.

years in the EU have from the beginning been characterised by a difficult relationship between a largely pro-European elite and a more sceptical, and often clamorous, public.

Denmark joined the EU during its first wave of enlargement in 1973, directly trailing the British applications to join the six founding Member States. Countries seeking membership of the EU often do so for rather different reasons. Danish membership was always motivated by economic grounds. The argument during the 1972 referendum campaign was that joining the EU would safeguard Danish exports now that the United Kingdom was looking towards membership.

Denmark gained a eurosceptic reputation almost instantaneously, which was largely because the Danes had the possibility to voice their opinion publicly through a number of EU referenda, six to date, and twice voted 'no' to further European integration (see Table 1). For better or worse, the EU today has considerable experience of no-votes, with two no-votes at EU referenda in Ireland (2001 and 2008), one in Sweden (2003), one in France (2005), and one in the Netherlands (2005).

Table 1: Referenda on European integration, Denmark (1972-2012)

Year	Object	Turnout (%)	Yes (%)
1972	EC Membership	90	63.3
1986	Single European Act (SEA)	75	56.2
1992	Maastricht Treaty (TEU)	83	49.3
1993	Maastricht Treaty	87	56.8
1998	Amsterdam Treaty	76	55.1
2000	Single currency	88	46.9

Source: www.eu-oplysningen.dk.

At least part of Denmark's reputation as a particularly eurosceptic country has more to do with the fact that other populations have never been consulted by their national governments in an EU-referendum than with actual facts

from opinion surveys. Prior to introducing the single currency, for instance, Eurobarometer polls showed significant public opposition in several Member States where no referendum was scheduled – and the same has been the case ahead of other major developments, such as enlargement and new treaties. When, however, the Maastricht Treaty was rejected in 1992 by a narrow Danish margin - about one percentage point or 46.000 voters -, it was the first such break with the permissive consensus thesis, sending shock waves throughout Europe.

To allow both Denmark and the rest of the EU to carry on with the implementation of the Maastricht Treaty, Denmark adopted opt-outs from four of this Treaty's key novelties - all policy areas that were in their budding stages in the early 1990s: the single currency, justice and home affairs, defence, and EU citizenship. In 2000, when the first Euro coins and notes were about to become tangible reality, the Danish government sent the Euro opt-out to a referendum. The solid 'no' vote that resulted (53.1 per cent) was only the second time an EU referendum in a Member State had been rejected. Denmark's eurosceptic reputation was sealed.[7]

2.2.2 ...and the facts: the not-so-reluctant Danes

It may come as a surprise, then, that on key indicators of EU support, the Danes have not been more eurosceptic than the European average throughout their 40 years of membership. Additionally, the Danes have consistently come out as one of the most EU-supportive populations on several indicators, including the regular Eurobarometer poll question surveying the 'feeling of benefit from integration'. For instance, in 1992, the same year the Danish population rejected the Maastricht Treaty, Eurobarometer 38 suggested that a historic high of 75 per cent of Danes felt they benefited from integration - this made the Danes the most supportive EU population on this indicator. It was a remarkable 24 percentage points higher than the average in the EU-12. That same year, a historic high of 68 per cent in Denmark felt that membership was

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[7] For further reading on Danish public opinion on the European Union, see Sørensen, C. (2007): 'Euroscepticism: A Conceptual Analysis and a Longitudinal Cross-Country Examination of Public Scepticism Towards the European Union', PhD Thesis, University of Copenhagen Press. For further reading on the Danish referenda, see for instance Buch, R and K. Hansen (2002): The Danes and Europe: From EC 1972 to Euro 2000 - Elections, Referendums and Attitudes, *Scandinavian Political Studies*, Vol. 25 (1), pp. 1-24.

a ‘good thing’. This was eight percentage points higher than the average, and higher than figures from, for instance, Belgium at 63 per cent and Spain at 58 per cent. Table 2 summarises these figures.

The latest Eurobarometer poll shows that the Danes are amongst the most supportive EU populations when it comes to the number of people ‘tending to trust the European Union’ and having ‘trust in the European Commission’.[8] On the latter question, for instance, the Danes are, at 55 per cent, 19 percentage points more trusting than the EU average.

The Danes are also among the most positive populations with respect to evaluations of ‘the way democracy works in the EU’. 57 per cent in Denmark say they are ‘very’ or ‘fairly’ satisfied with EU democracy, compared with 41 per cent across the EU as a whole. Also, 53 per cent of Danes, the highest figure in the EU-27, tend to agree with the statement: ‘my voice counts in the EU’. The EU average is 26 per cent.

Questioned about the EU’s role in specific policy areas, and, as we will see, especially with respect to those areas associated with traditional strongholds of the nation state, Danes remain among the most sceptical populations in the EU. According to the latest Eurobarometer survey, an ‘economic and monetary union with one single currency’, for example, is supported by 29 per cent of Danes, compared with 53 per cent on average in the EU-27. [9] Additionally, 48 per cent in Denmark, versus 64 per cent on average, support a ‘common foreign policy’, and 90 per cent of Danes, compared with an average of 68 per cent in the EU-27, find that issues concerning ‘taxation’ should be decided purely at the national level - only 8 per cent in Denmark believe that the Union should have joint decision-making power in this regard (the EU average is 28 per cent). The picture is the same with respect to issues concerning ‘social welfare’, ‘tackling unemployment’ and ‘immigration’, where the Danes are far more sceptical of joint decision-making than the EU average.

As suggested above, however, Danish scepticism of joint decision-making seems only to be pronounced when sovereignty (such as Denmark’s ability to

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[8] Eurobarometer 76 from autumn 2011.

[9] Eurobarometer 76 from autumn 2011.

guard its extensive welfare state; cf. the poll figures quoted above) is perceived to be at stake. When asked whether there should be joint decision-making with respect to environmental issues, or the fight against terrorism, Danes are more supportive of EU influence than any other Member State. Some 92 per cent in Denmark want joint decision-making in fighting terrorism compared with an average of 78 per cent in the EU as a whole. Similarly, with respect to protecting the environment, 78 per cent of Danes want joint decision-making, compared with 68 per cent across the EU. This pattern of Danish sovereignty-based euroscepticism has been apparent from the start of Denmark's EU membership.

The categorisation of Denmark as a particularly eurosceptic Member State therefore ignores the fact that euroscepticism is a highly complex and multi-faceted concept. True, the Danes have been, and still are, amongst the most sceptical EU Member States when sovereignty is perceived to be at stake. Yet especially when it comes to economic matters, the Danes are amongst the most supportive populations of integration - an often-overlooked fact even in Denmark. Taking all this into account, the claim that today's Council has 'eurosceptics at the helm' thus needs to be qualified.

When assuming power in the autumn of 2011, the new Danish government indicated that it would invite the Danes to the polls for a seventh EU referendum during the subsequent autumn (2012). The government would like to surrender the opt-outs on justice and home affairs and on defence, claiming that they are increasingly working against Danish interests. Moreover, the hope was that a well-run Presidency would have reassured the Danes about congruence between Danish and European interests, as well as the fact that a small country could impact on European affairs. Whether or not Ms Thorning-Schmidt will have the referendum outcome she desires will to a large extent depend on her ability to show to the Danish population that lifting these opt-outs does not compromise Denmark's autonomy. Meanwhile, as the government has been very silent about the referendum on the opt-outs during the Presidency's first working months, the most immediate question in this regard at the moment may be whether or not a referendum will, after all, be called during 2012.

Table 2: Key Statistics on the Danish attitude to EU integration: The eurosceptic Danes?		
	Per cent (%)	
1992 Eurobarometer 38	**EU-12 average**	**Denmark**
Feeling of benefit from the EU	49	73
Perception of membership as a good thing	60	68
2011 Eurobarometer 76	**EU-27 average**	**Denmark**
Tend to trust the European Union	34	50
Tend to trust the European Commission	36	55
Satisfaction with the way democracy works in the EU ('very satisfied' and 'fairly satisfied' responses together)	45	65
Tend to agree with the statement that 'my voice counts in the EU'	26	53
Support for economic and monetary union	53	29
Support for a common foreign policy	64	48
'Taxation' should be decided:		
- Purely by the national government	68	90
- Jointly by the national government and the EU	28	8
'Social welfare' should be decided:		
- Purely by the national government	68	88
- Jointly by the national government and the EU	29	11
'Tackling unemployment' should be done:		
- Purely by the national government	58	73
- Jointly by the national government and the EU	39	25
'Immigration' should be decided:		
- Purely by the national government	36	57
- Jointly by the national government and the EU	60	42
'Protecting the environment' should be decided:		
- Purely by the national government	29	21
- Jointly by the national government and the EU	68	78
'Fighting terrorism' should be decided:		
- Purely by the national government	19	7
- Jointly by the national government and the EU	78	92

Source: Eurobarometer 38 and Eurobarometer 76

3 The 2012 Danish Presidency and its European context

The Danish EU Presidency in 2012 differs from that of 2002. This is not just because the major summits are now held in Brussels and that the Euro is in the middle of its worst crisis. It is also because there is no longer just one single issue that dominates the agenda, such as, for example, enlargement. At the same time, as mentioned above, the EU has become larger, and significant changes to the Presidency's role have been implemented as a result of the Lisbon Treaty. Nonetheless the Presidency still offers a unique opportunity for Denmark to play a central role on the European stage.

This section looks at how the Presidency in 2012 differs from previous Danish Presidencies, as well as at the opportunities and challenges that the rotating Presidency offers more generally. It focuses on what is left for Denmark to do now that the permanent President of the European Council and High Representative are in place. Although Herman Van Rompuy and Lady Catherine Ashton have taken over the roles of President of the European Council and High Representative for Foreign Affairs and Security Policy respectively, the rotating Presidency is by no means an easier task - quite the contrary. The section then moves on to examine the agenda that the Danish government is trying to set in Brussels.

3.1 Why do we still have rotating Presidencies?

Why do we (still) have national EU Presidencies? In the good old days the Presidency rotated around the Council of the six original Member States. It was not a particularly demanding task; they could negotiate around a small table. The European Council of heads of state and government comprised little more than informal conversations. The EU's enlargement, however, and the increasing transfer of competencies from Member States to the EU have created a need for better control over the EU's agenda. Today, national Presidencies are logistical mega-projects that require significant financing and provide thousands of (temporary) jobs. Denmark has planned for eight informal ministerial meetings in Copenhagen and Horsens (a city on the Jutland Peninsula), including nearly 100 official working group meetings in Denmark. These meetings are expected to attract up to 15,000 foreign delegates and journalists.

During the negotiations on the Constitutional Treaty (2002-03), which was later renamed the Lisbon Treaty, the idea of abolishing the rotating Presidency was put forward. As mentioned, the argument, which was not a new one, was that the rotating Presidency among Member States made it impossible for the EU to maintain a consistent and strategic course. Instead, the EU's focus moved from, for example, a Finnish focus on the northern regions to a French attempt at creating a Mediterranean Union. Essentially, the criticism was that the Presidencies were being used to promote national agendas rather than European matters. This is important to bear in mind, now that everyone is talking about Denmark's ability to set a national agenda. A Presidency, and even more so now than before the entry into force of the Lisbon Treaty, is about chairing meetings and facilitating compromises, not about promoting national interests.[10]

Second, it was argued that small and new Member States did not have the resources to handle the Presidency properly. A number of smaller and medium-sized Member States (notably including Sweden) objected vociferously to this claim. Moreover, these countries argued that abolishing national Presidencies would lead to an erosion of the European commitment of smaller Member States, which eventually would produce serious legitimacy problems.[11] Yet the question of resources remains important. For example, the incoming Cypriot Presidency, lacking the requisite know-how and human resources, has asked for Denmark's help in performing several tasks in areas such as climate.

As there was no support for the national Presidency to be abolished during the treaty negotiations, the so-called 'trios' were introduced as a way of resolving the issue of lack of continuity in the Council of Ministers' work. Since 2007, the three upcoming national Presidencies (as a trio) prepare and submit a joint trio Presidency programme for the 18-month period that these Member States hold the Presidency. We will discuss Denmark's trio cooperation in more detail below.

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[10] Kajnc, S. and L. Gayer (2011): 'Comparing below the top: comparison of pre and post-Lisbon rotating presidencies' channels of cooperation in Brussels', *International Issues & Slovak Foreign Policy Affairs* vol. 11, no. 4, pp. 28-52.

[11] See Bunse, S., Magnette, P. and Nicolaïdis, K. (2005): 'Shared Leadership in the EU: Theory and Reality'. In Curtin, D., Kellermann, A.E. and Blockmans, S. (eds) *The EU Constitution: The Best Way Forward?* (The Hague: Asser Press).

3.2 The Presidency's tasks, opportunities and challenges

In recent years, the academic debate on the role of EU Presidencies has been intense. Throughout the 1980s and 1990s, the general consensus was that the Presidency was a *responsabilité sans pouvoir* – responsibility without power. Jonas Tallberg's key article of 2003 demonstrated, however, that a neutral Presidency was an illusion and that, indeed, Presidencies were engaged in the promotion of national interests. Today, most scholars share the view that the rotating Presidency has some independence.[12] Nonetheless, to return to the discussion, with the changes proposed by the Lisbon Treaty it is likely that future research will again reach the conclusion that the ability of Presidencies to promote national interests is limited.

Today, a Presidency generally has four key tasks:[13]

(1) To manage the EU's agenda over a period of six months: the Presidency decides the agenda (by way of the Presidency programme) based on the many hundreds of pieces of legislation and initiatives put forward to the Commission for negotiation by the Council.

(2) To establish inter-institutional compromises: the Presidency is active in the so-called 'trialogues' between the Commission, the Parliament and the Council, and must work to reach consensus early in the legislative process. The Presidency also participates in meetings between the Parliament and the Council during the third phase of the joint decision-making process.

(3) To work for compromises between members of the Council.

(4) To represent the Council of Ministers in relation to third parties.

Let us first examine the opportunities and benefits of a rotating EU Presidency. First, it is a good opportunity to showcase negotiating skills and the ability to act as an 'honest broker', providing influence and prestige. Second, Presidency

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[12] Tallberg, J. (2003): 'The agenda-shaping powers of the EU Council Presidency' *Journal of European Public Policy*, vol. 10, no. 1, pp. 1-19; for a review, see Thomson, R. (2008) 'The Council Presidency in the European Union: Responsibility with Power', *Journal of Common Market Studies*, 46, no. 3, pp. 593-617.

[13] For a discussion of the Presidency's tasks, see Tallberg, J. (2010), The Power of the Chair: Formal Leadership by the Council Presidency, in Naurin, D. and H. Wallace (eds) *Unveiling the Council of the European Union: Games Governments Play in Brussels*, Houndsmills: Palgrave.

Member States have privileged access to information. When Denmark's Presidency ends on 1 July 2012, the Danish negotiators will possess a much better understanding of all 27 Member States' interests at this point in time than anyone else in the European system owing to the Presidency's role as mediator and negotiator.[14] Third, the Presidency sometimes has increased possibilities to promote, or at least to prioritise, national interests on the EU agenda. We return to this aspect later. Fourth, the Presidency gives a country the opportunity to be promoted abroad. From 1.500 to 2.000 foreign journalists are expected to visit Denmark during the Danish Presidency. The Presidency has great PR potential, which is naturally maximised throughout Denmark, and used to brand Denmark abroad, although, owing to the tough actions imposed by the current financial crisis, this PR opportunity may not be as easily achievable as the Danish government had hoped.

Let us turn now to the difficulties and challenges involved in holding a Presidency. It is hard work being the Member State holding the Presidency, especially for small and new Member States. This is because it requires significant administrative capacity and preparation. Member State size has not in fact been found to be a significant indicator for how a Presidency is run. This is probably because many ministries have prepared for the Presidency over a long period of time, enabling them to manage the difficult and extensive negotiations better. This is done partly by strengthening the international network of contacts with other Member States' ministers, the relevant commissioners and members of the European Parliament, and by mapping out the multiple difficult and complex cases that are to be handled under the national Presidency. At the same time, the domestic central administration needs to be prepared for increased media interest both at home and abroad, and to handle crisis situations, which will most certainly arise, effectively.

Some studies suggest that Presidencies are not able to promote their own interests, especially if they are small (because of the limited size of their civil service).[15] This is because the Presidency is required to be impartial, an honest and constructive leader of negotiations and not one of the interested

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[14] Hayes-Renshaw, F. and H. Wallace (2006) *The Council of Ministers* (London:Macmillan).

[15] Kirchner, E. (1992) *Decision-Making in the European Community: The Council Presidency and European Integration* (Manchester: Manchester University Press); see also Elgström, O. (ed.): *European Union Council Presidencies*. London: Routledge, 2003.

parties in the negotiations. So what exactly is a successful Presidency? On the one hand, it is only natural that Presidencies want to make their mark on the European agenda. After all, an ultimate goal in politics is to make a difference and to exert influence. Moreover, good results help to clarify the benefits of European cooperation for the national population. On the other hand, gaining recognition from European partners for having acted neutrally and professionally in the best interest of the EU is important. Self-promoting or self-indulgent Presidencies are rarely successful. France's Jacques Chirac and Italy's Silvio Berlusconi can vouch for this.[16]

3.3 Who calls the shots after Lisbon?

We have already pointed out that the Danish 2012 Presidency is significantly different from previous Danish EU presidencies.[17] This is of course owed to the lingering economic crisis, which hangs over the Presidency - and Denmark is not even participating in the Euro's third phase. Setting this important point aside, however, it is primarily the Lisbon Treaty that has led to major changes in the Presidency role. As mentioned in the introduction, the biggest difference is that in 2002, Denmark was President of all sector Council meetings and of the European Council. In 2012, Danish ministers (environment, transport, environment, etc.) preside over the sectoral Councils, but not when heads of state and government meet in the European Council, and not when foreign ministers meet in the Foreign Affairs Council either. This means that the Danish Prime Minister, Helle Thorning-Schmidt, and the Foreign Minister, Villy Søvndal, have lower profiles than would have been the case under previous Presidencies. Yet it does not mean that the Prime Minister and Foreign Minister are less busy; they have simply been allocated new and different roles.

3.4 Assisting Ashton

One of the significant changes brought about by the Lisbon Treaty is the creation of the new position of Foreign Affairs Representative as well as the establishment of a common foreign service – the European External Action Service (EEAS), which aims to give the EU one single external identity. The

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16 Quaglia, L. and E. Moxon-Browne (2006) 'What Makes a Good EU Presidency? Italy and Ireland Compared' *Journal of Common Market Studies*, vol. 44, no. 2.

17 For a review of the 2002 Danish Presidency, see Friis, L. 'An Emperor without Clothes?' *Cooperation & Conflict*, vol. 28, no. 3, pp. 283-290.

High Representative of the Union for Foreign Affairs and Security Policy, Lady Catherine Ashton, and the EEAS (as it is referred to in EU jargon) assume responsibility for all tasks that fall under the EU's Common Foreign and Security Policy (CFSP). These tasks were previously the responsibility of the rotating Presidency. The High Representative for Foreign Affairs and Security Policy is the permanent chairman of the Foreign Affairs Council, and she represents the EU externally in the CFSP, in international organisations and in political dialogues with third parties.[18]

More specifically, this means that the EU's diplomatic service has taken over the role as chair of approximately 30 Council working groups - working groups that Denmark would have presided over in the past. The imminent foreign policy issues on the agenda of these working groups during the Danish Presidency include the Arab Spring, Libya, Syria, Afghanistan and the Middle East. In addition, strategic partnerships, rising powers (the so-called BRIC countries), security and defence policy issues, NATO and development policy are key focal areas.

The rotating Presidency cannot just sit around and twiddle its thumbs, however. Denmark has to support the High Representative in her tasks. This applies both to the horizontal coordination with other EU policy areas, as well as in cases where there is no time and no staff resources in the EEAS to perform a given task. The High Representative delegates certain tasks to the national Presidency's Foreign Minister, which includes meetings with third parties and participation in the European Parliament plenary sessions. This can be challenging as national Presidencies are often asked to step in at short notice. This was true in the case of Polish Foreign Minister Sikorski. Denmark will therefore have to be well prepared for any foreign policy event. Villy Søvndal has already represented Lady Ashton on several occasions, including outside the EU, for instance at the meeting on 7 to 8 February 2012 in Nigeria to discuss issues of terrorism and closer cooperation between the EU and Nigeria.

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[18] The rotating Presidency continues to preside over the Foreign Affairs Council when discussing trade policy and over the General Affairs Council, which deals with cross-over and organisational tasks.

The Danish Presidency hopes to be the first Presidency after the Lisbon Treaty to strike the difficult balance between the rotating Presidency and Ashton and her people. Denmark aimed at establishing the division of tasks before it took over the Presidency. As Foreign Minister Søvndal said prior to the formal ministerial meeting, or Gymnich, on 9 to 10 March 2012: '*It is no secret that we strive to become a "model-Presidency" for future Presidencies when it comes to strengthening the close cooperation with the EEAS*'.[19] Hungary and Poland struggled, and experience shows the task is quite difficult because it is about prestige, coordination and a general lack of resources. External representation has always (even before Ashton) been difficult for the rotating Presidencies as the EU institutions and Member States have often had difficulties finding a common position.[20]

3.5 Helping Van Rompuy

Another significant development of the Lisbon Treaty is the creation of the post of permanent President of the European Council. In December 2010, the then Belgian Prime Minister Herman Van Rompuy was appointed to this position for a period of two and a half years. The permanent President prepares and presides over meetings of heads of state and government and represents the EU externally at this level for the Common Foreign and Security Policy, which was previously a prerogative of the rotating Presidency.

Van Rompuy has obtained better results than most observers expected when he was appointed.[21] As President, Van Rompuy finds compromise between Member States and writes draft conclusions for the summits. Consequently, it is he who gives the EU its strategic direction. He sits in the EU's political power centre, so to speak.

The economic crisis has reinforced the belief that the big Member States (Germany and France), to a certain degree together with Van Rompuy,

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19 Søvndal, V. (2012) Europe must be a strong global actor, Minister Søvndal speaks on behalf of Catherine Ashton at the European Parliament Plenary session in February 2012, http://eu2012.dk/en/NewsList/Marts/Uge-10/sovndal

20 Quaglia, L. and E. Moxon-Browne (2006) 'What Makes a Good EU Presidency? Italy and Ireland Compared' *Journal of Common Market Studies*, vol. 44, no. 2, p. 359.

21 Barber, T. (2010) 'The Appointments of Herman van Rompuy and Catherine Ashton' *Journal of Common Market Studies*, 48, pp. 55-67.

have assumed an increasingly central position, especially when it comes to economic issues. Although the Commission continues to enjoy a key role in economic supervision, it is under pressure in this new context, and the authority of its President, José Manuel Barroso, has weakened.

The EU heads of state and government considered the permanent President's reappointment in the first months of the Danish Presidency. Mr Van Rompuy was endowed with another term at the March European Summit 2012. So far, experience with the permanent President reinforces the impression that the heads of state and government have been given an entirely new and more robust leadership than previously.

3.6 The difficult European Parliament

Another key change is that the Lisbon Treaty has given the European Parliament more competencies - and parliamentary relations are therefore, more than ever before, important for whether the rotating Presidency is successful. For example, the European Parliament is now co-legislator in the Common Agricultural Policy and on judicial and home affairs. Moreover, the European Parliament has to approve the multi-annual financial framework (MFF).

This means that Danish ministers, particularly the Minister for European Affairs, Nicolai Wammen, and officials need to work harder to handle the European Parliament than during the last Presidency, when the Danish politician Bertel Haarder played a significant role as Denmark's Minister for European Affairs. Indeed, a very important part of the Presidency's role is to represent the Council in negotiations with the European Parliament. To prepare for this task, Danish ministers were sent on what the Danish officials labelled 'charm offensives' as soon as possible after the new government took over in October to meet with their respective committees in the European Parliament and with key members (MEPs).

Handling the Parliament is a huge task owing to the high volume of legislative proposals under consideration and the complexity of negotiations. Moreover, there were 15 members of the Council when Denmark last held the Presidency; there are now 27 Member States around the negotiating table. This means that the Danish Presidency needs to handle more complex negotiations owing to increased demands for effective meeting management and preparation.

3.7 Preparing for and coordinating the Presidency

As Quaglia and Moxon-Browne show in their comparative analysis of the Italian and Irish Presidencies in 2002, domestic consensus on EU membership can be important in terms of how consistently and skilfully a Presidency manages its role.[22] As most of the preparations for the Danish EU Presidency took place just before a national parliamentary election – when it was unknown whether the current government or the opposition would win –the Danish central administration played an important role in those preparations. Much of the preparatory work, including the identification of Danish priorities, thus took place under the radar of public attention and without the incoming government being involved.

During the preparations for the Presidency, the Ministry of Foreign Affairs of Denmark coordinated the drafting of the official Presidency programme, the identification of the Presidency's priorities, and communication and logistics in close cooperation with the Danish Prime Minister's Office. All Danish ministries with different portfolios were involved in the preparation. From spring 2010 to the end of 2011, priorities and negotiation strategies on all legislative items were discussed among officials from all involved ministries at preparatory meetings. These meetings also involved close cooperation with the EU Representation in Brussels, the Danish embassies and, of course, the EU institutions. The previous government was regularly presented with 'packages' of decisions that it generally endorsed. Some issues, such as the overall priorities, the logo, and the number of meetings led to some debate in the Cabinet. In general, the election of a new government just a few months before Denmark took over the Presidency had little effect on the Danish position and programme – apart, perhaps, from slightly more 'green' language in the programme. The Danish Parliament and especially its European Committee were regularly informed at special meetings and hearings about the preparatory work in line with the Danish tradition of strong parliamentary involvement in and influence on EU matters. Moreover, Danish civil society and interest groups were invited to several briefings and provided their input to the preparations.

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[22] Quaglia, L. and E. Moxon-Browne (2006) 'What Makes a Good EU Presidency? Italy and Ireland Compared' *Journal of Common Market Studies*, vol. 44, no. 2, p. 354.

In terms of the execution of the Presidency, it could be argued that the Danish Presidency is to a large extent Brussels-based. Denmark has chosen to give a significant role and room for manoeuvre to the officials at the Permanent Danish EU Representation. There is thus not only an increased number of staff at capital level with horizontal functions, but also more employees seconded to the Representation. In fact, the Danish Representation had to rent extra office space to make room for all its temporary staff.

Copenhagen and the respective ministries are closely involved in the daily policy-making process, however. The Foreign Ministry and the small Prime Minister's Office are the coordinators of the Presidency. Every morning, there are coordination meetings with central representatives from the Prime Minister's Office, the Foreign Ministry and the EU Representation to discuss the day's activities, unexpected challenges, media strategy, and so forth. This combination of strategic coordination combined with extensive trust in the sector ministries and individual chairs of the Council working groups builds on the good experiences that Denmark had in connection with the 2002 Presidency, which was based on a similar model. Nikolaj Wammen, the Minister of European Affairs, a position created especially, but not exclusively, for the EU Presidency, is tasked with the difficult job of handling the European Parliament and heading the budget negotiations. Apart from this post, no new posts have been created. In many respects, Danish civil servants and ministers are simply expected to work harder during the six-month period when Denmark holds the Presidency.

In the light of the difficult economic situation, Denmark seeks what it calls a cost-effective EU Presidency. Cost-efficiency also means cutting the informal and formal ministerial meetings in Denmark down to only eight, including the Commission's visit at the beginning of January 2012. This is a low number compared with those in previous Presidencies. Apart from these meetings the Presidency organises conferences, events, other meetings and so forth in Denmark. Moreover, Denmark wishes to conduct the EU Presidency as sustainably as possible. This is to be achieved for example by reducing the direct environmental impact of meeting activities by displaying social and economic responsibility, and using tap water, public transport and environmental-friendly hotels. The sustainability agenda has been well received by the media in general and not only secures the Presidency but also the many 'green' issues on the Danish agenda.

3.8 The four Danish opt-outs

One of the most striking features of the Danish EU Presidency is that Denmark is not a full member of the Eurozone. It does not participate in the third phase of the Economic and Monetary Union, maintaining the Danish Kroner as its currency. As a result, Denmark does not form part of the Eurogroup, the forum in which the 17 Eurozone members meet prior to every ECOFIN Council. As these Eurogroup meetings also see the exchange of views on items on the following ECOFIN agenda, this naturally poses a challenge for an outsider Presidency. The inability to attend important meetings naturally diminishes a Presidency's ability to influence, navigate and coordinate opinions and views from an early stage. Denmark, however, is not the first country to face this problem. Also Poland, the Czech Republic and Hungary have had to stay out of the Eurogroup gatherings during their Presidencies.

Yet regarding the Danish opt-outs, the expectation has always been that Denmark will carry out the Presidency role as it did in 2002. This means that, except in defence matters where Denmark with its opt-out formally gave up the right to chair Council meetings, Denmark will act as a 'normal' national Presidency on areas covered by the opt-outs. Moreover, the defence opt-out will, all in all, not play an important role for the Presidency, as high representative Lady Catherine Ashton now chairs these meetings as part of her responsibility over the common foreign and security policy. Hence, national presidencies have a limited role with or without an opt-out from this part of the European enterprise.

In relation to the Euro, the Danish opt-out does not interfere with Denmark's role as chair of the ECOFIN meetings and the important negotiations on financial regulations and closer economic cooperation. However, its exclusion from the preparatory meetings in the Eurogroup, which has consolidated its role as a core body in the EU, is of course an important aspect of the Danish Presidency. On the one hand, and given the current focus on the governance of the Eurozone and broader economic cooperation in the EU, the Euro opt-out is a handicap for the Danish Presidency when it comes to information access. On the other hand, given the exceptional nature of the Euro crisis, even Euro-insiders can sometimes feel like outsiders, as a combination of international markets, the troika and the German-French bilateral negotiations, together with the permanent President, are agenda-setting and strongly influence the evolution of the area. Thus, even as a Euro-insider, the Danish Presidency

would be likely to have a limited role in relation to the handling of the euro crisis.

The most interesting Danish opt-out when it comes to the Presidency is therefore the opt-out from supranational legislation in justice and home affairs (JHA), now titled 'Freedom, Justice and Security', a policy area that has grown dramatically in scope since it was introduced by the Maastricht Treaty in 1992. With the Lisbon Treaty, the Danish opt-out also covers judicial cooperation in criminal matters and police cooperation. Despite the growing scope of the Danish opt-out, however, the Danish Presidency does not expect this to pose any problem in concrete negotiations.

The role as a cautious 'honest broker' is seen as even more important, however, as Denmark is not legally bound by the decisions and legislations negotiated in this area (except for Schengen-related matters where Denmark participates, albeit on an intergovernmental basis). The 2002 experience in relation to chairing the JHA Council was overall positive, and in the light of the British and Irish experiences of having a special arrangement (opt-in) for justice and home affairs while chairing the JHA Council this is not likely to cause problems for Denmark in 2012.

The fourth Danish opt-out on citizenship stated that European citizenship would not replace national citizenship. This opt-out was rendered meaningless when the Amsterdam Treaty (1997) adopted the same wording for all Member States. The (unsuccessful) aim of recent Danish governments has been to hold referenda to abolish these opt-outs, including formally abolishing the citizenship opt-out which is still technically active albeit redundant.[23]

3.9 The Trio Programme

Denmark is part of a trio with Poland, which preceded Denmark as EU President in the second half of 2011, and Cyprus, which will succeed Denmark in the second half of 2012. This trio is in many ways historic. During the Danish Presidency in 2002, Denmark sat across the negotiating table from Poland and Cyprus, two Member States which each had difficult issues to

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[23] For an in-depth study of of the citizen opt-outs, see *De danske forbehold over for Den Europæiske Union, Udviklingen siden 2000*, Copenhagen: DIIS, Danish Institute for International Studies.

resolve before agreement on inclusion and enlargement could be reached at the Bella Centre, the conference venue in Copenhagen where the decisive and historical negotiations took place. This time around, the same Member States have sat side by side and negotiated the details of a (nearly) 100-page trio Presidency programme covering all EU policy areas.[24]

The trio programme is the result of almost one year of close cooperation and many long meetings between the trio of Poland, Denmark and Cyprus in consultation with the Council Secretariat, the European External Action Service and the European Commission. The trio programme sets out the Council's work programme from July 2011 to December 2012. It outlines a strategic framework that sets out the overarching objectives and an operational programme, including various issues that must be addressed.

The three countries have been through a thorough screening process to identify the areas that will need to be addressed during the trio Presidency. The three Member States have also had discussions with the previous trio to ensure continuity and consistency of the EU's political agenda. There have also been consultations with the future Irish, Lithuanian and Greek Presidencies, which are due to take over and initiate a new trio by January 2013.

The trio programme had to be approved through the countries' respective national procedures and by the 27 Member States in the Council by the end of June 2011. In this sense, the priorities included in the final programme very much reflected the EU's broader agenda, and not that of the specific rotating EU Presidency.

One of the main activities during the 18-month term is the negotiation on the post-2013 multi-annual financial framework (MFF), which should be concluded before the end of 2012 in order to allow for a timely adaptation and implementation of EU policies, programmes and financial instruments. Also, in order to ensure that the EU emerges stronger from the financial crisis by strengthening its international competitiveness, focus is also on implementing the Europe 2020 Strategy. Sustainable and economic growth is an essential aspect. Continuing efforts are made to support small and medium-

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[24] The trio programme can be accessed here: http://register.consilium.europa.eu/pdf/en/11/st11/st11447.en11.pdf (consulted 17 April 2012).

sized enterprises (SMEs), and all aspects of the single market, including the development of a dynamic digital single market.

Additionally, new focus is on policies beneficial to the EU's citizens and their social and economic well-being through, for instance, the promotion of investment in human capital and education and attention to health promotion and disease prevention. Sustainable growth and resource efficiency are also priorities. Full attention is therefore being paid to closely interrelated areas such as climate change, transport, agriculture, energy and environment. Furthermore, the Presidencies emphasise security and immigration issues, as well as the need to pursue the ongoing work related to enlargement and partnerships with third countries and regions, not least neighbouring regions. Finally, efforts are being made for the EU to exert the influence that reflects its weight on the global scene. To this end, the Presidency assists the High Representative and the European External Action Service as part of the new structures provided by the Lisbon Treaty.

3.10 Specific Danish priorities

During the preparations for the EU Presidency, Danish officials and the then Danish Foreign Minister, Lene Espersen from the Conservative Party, repeatedly stated that a Presidency typically comprises 85 per cent routine tasks and 10 per cent crisis management, leaving 5 per cent for the Presidency's own agenda. As Ms Espersen also noted, however, '5 per cent can be a lot for a small Member State that only contributes 2 per cent to the EU budget'.[25] Alternatively, a crisis can completely overshadow a Presidency, whether Greece's bankruptcy or war in North Africa. In any case, Denmark, like all other Member States, wants to influence the European agenda.

As mentioned, there is not just one issue for the Danish Presidency to focus on, as was the case with enlargement in 2002. Instead, the government has on its wish list the following: to lift Europe out of the crisis by creating new growth, to reform the EU's multi-annual budget (the financial perspectives) and major policy areas, and to boost the domestic market, the internal market and a green economy. The biggest risk is that the economic crisis could end up completely overshadowing the Danish Presidency.

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[25] Speech of Foreign Minister Lene Espersen on the preparations of the Danish EU Presidency, 10 June 2012.

Disregarding the handling of the Euro crisis and the debt problems, the biggest and toughest issue on Denmark's agenda is the negotiations about the future EU budget, which, in broader EU terms, is referred to as the multi-annual financial framework. The Polish Presidency began a technical review during the second half of 2011, with the actual negotiations expected to be well under way during the Danish Presidency. Denmark will take the budget negotiations as far as they can go. Owing, however, to the late publication of the Commission proposal and in particular the French presidential and legislative elections in May/June 2012, these talks will not be brought to a close under the Danish Presidency. It will also be up to Mr Van Rompuy, as President of the European Council, to decide on the process and content in the final stages of negotiations.

The starting-point for the negotiations is the strained public finances and the national fiscal austerity efforts. Everybody expects a budget that ultimately resembles the present one, but a number of Member States, including Denmark, do not want the EU budget to increase. Rather they would like to see the budget 'modernised'. What this actually means is a gradual reduction of the heavy costs of the Common Agricultural Policy (CAP) and the structural funds only aimed at the poorer regions in the EU. The reduction should allow future-oriented policies that underpin the European Growth Strategy 'Europe 2020' to be prioritised, the cooperation on migration, asylum, justice and police matters developed further and the EU's external policies and global role strengthened. It is very difficult to reduce agricultural subsidies significantly, something that has been a Danish priority for a long time.

Another important question in relation to the future budget is how much each Member State should contribute to it. The revenue side is characterised by a rebate system that is incredibly difficult to tackle. The Danish government believes that Denmark contributes disproportionately more to the EU budget than similar Member States because of the rebates. Former Finance Minister, Claus Hjort Frederiksen, demanded a rebate of one billion Danish Kroner. The new government with Finance Minister Bjarne Corydon in charge has decided to maintain this position. It is not easy to demand a discount on membership, however, if one is also heading the budget negotiations.

The Danish government has, of course, a number of more specific national priorities, but it is not certain that they will come to the table. If the agenda is side-tracked by the economic problems in the Eurozone, Iran or the difficult budget negotiations, it will certainly be difficult for Denmark to push its own key issues through.

The government would also like to develop the single market further. It is about making life easier for consumers and businesses across borders in the EU. Additionally, 2012 sees the twentieth anniversary of the single market. The Commission has launched a series of proposals for a revival and upgrade of the Union's internal market.

The Danish Presidency also works towards common product standards that make it easier for companies to sell their products in other EU Member States, and ensures that quality products do not harm consumers' health or the environment. The government works on a handful of specific pieces of legislation to achieve the goal: for example, common green standards for products in the internal market, easier access to capital for research and innovation, and a common EU patent system which makes it easier and cheaper to protect new inventions in the EU.

The Danish government also wants to promote the digital agenda. Among other things, it works towards making it easier and safer for consumers and businesses to trade online. In addition, the Danish Presidency works to bring mobile phone prices down. Denmark presides over the 'Roaming III package' negotiations – a legislation that ensures telecommunications companies do not make outrageous sums of money from people's overseas calls.

The second major item on the Danish agenda is environment and energy. As stated in the Danish government's national programme, Denmark wants to make the EU more 'green'. It is not easy, given the difficult economic situation whereby the environment tends to come in second. In that respect, negotiations on the EU's long-term energy goals for 2050 are a key focus for the Danish Presidency. It works towards a greener and more sustainable Europe through improved energy infrastructure, energy efficiency, new environmental and energy technologies, renewable energy and the creation

of a domestic energy market (here we have already seen one of the major disappointments – the Polish blockage on the long-term energy goals; cf. chapter 4 below).

Finally - and somewhat paradoxically - a key issue is to strengthen the EU's cooperation on internal security, migration and asylum policies. Denmark works (despite its justice and home affairs opt-out) to promote legislation for a more effective fight against transnational crime and terrorism, to strengthen the EU's external borders and the common immigration and asylum policy, as well as to ensure assistance to those Member States that are experiencing massive migration pressures from the EU's external borders. The Danish opt-out, of course, makes it particularly important that the Danish Presidency is perceived as an effective and impartial moderator in this area. Danish officials see it as decisive for the way in which the other Member States judge the Presidency.[26]

[26] See also Adler-Nissen, R. (2009) 'Behind the Scenes of Differentiated Integration: Circumventing National Opt-Outs in Justice and Home Affairs', *Journal of European Public Policy*, Vol 16, No1, 62-80.

4 Execution of the Presidency: mid-term results

To a large extent, it is still all about the economy. The execution of the Danish Presidency, and the evaluation of its achievements in its first months of heading the Council of Ministers, has to be understood in the light of the ongoing financial crisis, and the struggle for the future of the Eurozone that followed in its wake. Financial and economic considerations continued to be the absolute EU priority at the beginning of 2012. The lingering risk of a Greek state bankruptcy, following bailout rescue plans and fierce negotiations during the Polish Presidency in the second half of 2011, is still an omnipresent threat to the existence of the Eurozone in its current shape.

Some solid answers to these economic concerns have been found during the Danish Presidency's first months. These include the signing of the far-reaching Fiscal Treaty in early March 2012, as well as Council conclusions on the regulation of financial derivatives, which were an underlying, core trigger of the financial crisis. Furthermore, the Council reached agreement on the Commission's so-called 'two-pack' economic reform proposals.

It has also become necessary to address the more long-term impact of the crisis, a crisis that exposed severe structural weaknesses in the European economy. Here the emphasis of the Danish Presidency has been to maintain focus on concrete results through hard work, while highlighting economic (green) growth and sustainable, but fast, job creation. This has meant strong Danish insistence on the need to reach an agreement on a long-term climate strategy, the European Energy Roadmap 2050, as well as a strong push for the Energy Efficiency Directive to be finalised. These dossiers have, however, proved the toughest and probably to date the least fruitful negotiations of the Danish Presidency.

Meanwhile, increasingly, attention is also being paid elsewhere to other important policy areas. The first months of the Danish Presidency witnessed this evolution. One clear example was Serbia's reaching EU candidate status at the European Council meeting in March. In this vein, several other non-economically related negotiations have been closed during the Danish Presidency's first months, including, for example, an inter-institutional

agreement between the Council and the European Parliament on access to classified documents.[27]

This chapter evaluates the first two and a half months of the Danish Presidency by focusing its attention on three areas. As mentioned already, nothing outweighs the overall focus on the economy. Hence, the first part of the chapter devotes substantial attention to the evolution of the economic context of the Presidency, dealing, so far, with the Fiscal Pact, the agreement on the 'two-pack', as well as the agreement on the regulation of trade with financial derivatives. Second, the chapter focuses on important achievements in other policy areas. These include green growth (the status of the climate strategy and the energy efficiency directive), and the evolution in foreign affairs dossiers regarding EU responses to recent events in Belarus, Syria and Iran. This section concludes on a positive note with the Presidency's ability to conclude an agriculture and fishing agreement with Morocco. In the last part of this chapter, the remaining months of the Danish Presidency, before the baton is handed over to Cyprus as the last Presidency in the Polish-Danish-Cypriot trio, are discussed.

4.1 Economic and financial affairs

When presenting its priorities in early December 2011, the Danish Presidency emphasised first and foremost the importance of a responsible and dynamic Europe.[28] What became increasingly clear as the financial crisis unfolded from 2008 onwards was the fact that the Eurozone was encountering profound structural challenges with regard to, for example, economic growth, international competitiveness and job creation. During the first months of the Danish Presidency, progress was made on these dimensions, most notably with the signing of the Fiscal Treaty at the European Council Summit in early March as the culmination of past years' efforts.

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[27] Council agreement 6590/12, Brussels, 16 February 2012 (http://www.consilium.europa.eu/documents?lang=en - consulted 13 April 2012).

[28] For more about the overall Danish programme and working mode see *Programme of the Danish Presidency of the Council of the European Union 2012*, available at (http://eu2012.dk/en/EU-and-the-Presidency/About-the-Presidency/Program-og-prioriteter - consulted 15 April 2012).

Although this event occurred under the Danish Presidency, the Presidency as such had little to do with it, not chairing the European Council. Instead, Denmark has been able to direct its attention towards the need for securing sustainable economic growth in the long run in daily politics. This section addresses the status of the economic situation of Greece as the absolute epicentre for the struggle for the Eurozone. Then it focuses on the Fiscal Treaty, before it summarises the achievements of the Council of Economic and Financial Affairs (ECOFIN) during the first period of the Danish Presidency.

4.1.1 Afflicted Greece and beyond

The challenge in early 2012 when Denmark took over the Presidency was still to save Greece from bankruptcy. Greece has struggled on the edge of bankruptcy since 2008, when the financial crisis exposed a very fragile economy with an enormous public sector debt and vulnerable state institutions, resulting in, for example, massive tax evasion. To avoid insolvency, Greece needed and still needs help from the other Eurozone members and the International Monetary Fund (IMF).

In late 2011, the country received its second EU-IMF help package. Notwithstanding this effort, the economic destiny of Greece remains largely uncertain with many economic commentators arguing that bailout plans are only buying the Eurozone time, and that sooner or later Greece will fail. This sceptical view about the future of Greece was also strongly articulated in the Danish daily press.[29] Along these lines, just as the second bailout package was voted and agreed upon in the German Bundestag in late February 2012, Eurozone chief Jean-Claude Juncker and German finance minister Wolfgang Schäuble voiced the potential need for a future, third, Greek bailout, despite the strong EU efforts already being made to get the economy back on track.[30]

One major obstacle to the efficient resolution of the Greek situation has been the lack of adequate institutions and mechanisms at EU level that can respond to such a crisis. The Greek problem, and the vulnerability of the Eurozone, largely took the EU by surprise. Consequently, institutions designed to

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29 See for example *Bankøkonom frygter stadig græsk bankerot*, 13 March 2012 in Børsen (http://borsen.dk/nyheder/oekonomi/artikel/1/227978/bankoekonom_frygter_stadig_graesk_bankerot.html - consulted 15 April 2012).

30 'Third Greek bail-out not ruled out' by Valentina Pop, 27 February 2012, Euobserver (http://euobserver.com/19/115378 - consulted 2 April 2012).

address such problems were not even on the drafting table when the financial crisis broke.

Concurrently with responding to the imminent Greek crisis and rescuing Greece itself, the Union also had to create, at some speed, long-lasting and far-reaching institutions to recapture the essential trust of the financial markets in the Euro as a currency, as well as enable the Union to provide more efficient and swift answers should similar situations arise in the future – and, of course, to try to prevent such crises from happening in the first place.

Although the EU replied to the urgent Greek crisis with two rounds of fiscal bailouts, the battle for Greece is not over. During spring 2012 it continues with Denmark at the helm. In the margins of the second European Council under the Danish Presidency in early March 2012, the heads of state and government welcomed the latest Eurogroup agreement on a new Greek policy package, including an offer made to private creditors. The package itself strengthens the Commission´s presence in Greece as it monitors the execution of the financial programmes. Additionally, the package supports measures to enhance and ensure economic growth, promoting employment, as well as supporting infrastructure projects and improving and facilitating business environments. All initiatives are supported by the EU's structural funds.[31]

The March summit was headed by President Van Rompuy, who expressed hope for the future, highlighting that despite the challenges mentioned above this was the first European Council in years where the long-term focus was regained, and the agenda was not solely dominated by crisis management. A more visionary and long-term structural focus on innovation and economic growth could now be initiated. In line with his conclusion, the long-awaited 'Treaty on Stability, Coordination and Governance in the Economic and Monetary Union' was signed. This Treaty is also known as the Fiscal Treaty.

4.1.2 The Fiscal Treaty - and the economic agenda

Although the Fiscal Treaty was agreed at the European Council, and is thus

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[31] See statement made by Euro area Heads of State or Government in Brussels on 2 March 2012 (http://www.european-Council.europa.eu/home-page/highlights/how-to-put-greek-economy-back-on-track?lang=en - consulted 2 April 2012).

formally outside the obligations of the Danish Presidency, the treaty has a strong and long-term impact on the evolution of the Union. It is therefore important to place the first months of the Danish Presidency in the right context.

As mentioned in the previous section, the economic problems in Greece exposed the vulnerability of the Eurozone and its institutions. There was an urgent need for institutional reforms bringing together the 17 Eurozone Members in tighter coordination with the supervision of the evolution of their national finances. More radical economic policies, as well as stricter monitoring and earlier warning mechanisms, were needed. As a result, in early 2011, the so-called Euro Plus Pact was adopted. The Euro Plus Pact required the participating Euro countries, and a number of non-participating EU Member States including Denmark, which voluntarily agreed to join the Pact, to decide on the commitments needed to contribute to jointly agreed policy objectives concerning employment, competitiveness, the maintenance of sound public finances and financial stability.

Additionally, to enable the EU to respond more efficiently to any future crises, the participating Member States established a permanent crisis mechanism, the European Stability Mechanism (ESM), which followed the temporary mechanism labelled the European Financial Stability Facility (EFSF). The ESM will come into operation by mid-2013 when the EFSF expires. The ESM provides financial assistance for participating Member States in need of economic help.[32]

Furthermore, under the Polish EU Presidency in December 2011, the so-called 'six-pack' was adopted after long negotiations (and not without obstacles). The six-pack dates back to September 2010, when the Commission initiated six proposals encompassing stricter budget discipline and the coordination of economies, while enhancing the supervision of macro-economic balances in the Member States. In brief, the six-pack additionally strengthened the

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[32] Council regulation (EU) No 407/2010, 11 May 2010 establishing a European financial stabilisation mechanism (http://ec.europa.eu/economy_finance/eu_borrower/efsm/index_en.htm- - consulted 15 April 2012).
See also press release MEMO/10/636 European Stability Mechanism (ESM), Brussels, 1 December 2010 (http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/10/636 - consulted 13 April 2012).

Stability and Growth Pact, which had proved largely unsuccessful in answering the challenges of the financial crisis. Still, the problems of the Eurozone were more profound and their long-term answers had to be consolidated in a more far-reaching and stronger cooperative framework. There was a need for a Fiscal Pact.[33]

At the European Council in December 2011, the 17 Eurozone countries agreed on a new frame for economic coordination and fiscal budgetary discipline in the Euro area. The agreement was for an intergovernmental treaty between the 17 members, including voluntary participation of the rest of the EU Member States. The framework of the treaty was thoroughly discussed before agreement was reached at the European Council in late January 2012. The Fiscal Treaty became a reality at the following Council summit on 2 to 3 March where 25 European heads of state or government of all EU Member States, including Denmark, signed the new treaty. The United Kingdom and the Czech Republic abstained.

In Denmark, as mentioned in chapter 2, it was discussed whether the Fiscal Treaty should be subject to a popular referendum. According to the Danish Constitution, a popular referendum is required when Denmark relinquishes national sovereignty to the European Union (or any international organisation) and this measure is supported by less than 5/6 of the Danish Parliament. It is the Danish Ministry of Justice that essentially judges whether there is a case for relinquishing sovereignty or not, and often the cases are complicated and blurred. In the case of the Fiscal Treaty, the Ministry of Justice in late February 2012 found that there should be no further relinquishing of national sovereignty to the EU level.[34] Thus the Danes are not going to vote on the Fiscal Treaty, a decision the eurosceptic Danish People's Party and Unity List did not support.[35]

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33 *What are the main features of the 'six-pack' and the Treaty on Stability, Coordination and Governance (TSCG)?,* 14 March 2012 (http://ec.europa.eu/economy_finance/articles/governance/2012-03-14_six_pack_en.htm - consulted 2 April 2012).

34 *Notat om visse forfatningsretlige spørgsmål i forbindelse med Danmarks ratifikation af traktaten om Stabilitet, Samordning og Styring i Den Økonomisk og Monetære Union (den såkaldte finanspagt*), 22 February 2012, Document 343657 (http://www.justitsministeriet.dk/pressemeddelelse+M5f3b41ef53d.html?&tx_ttnews[pointer]=2 - consulted 15 April 2012).

35 *EL og DF kræver folkeafstemning om finanspagt*, 31 January 2012, Jyllandsposten (http://jp.dk/indland/indland_politik/article2680378.ece - consulted 15 April 2012).

In sum, the overall aim of the Fiscal Treaty is to safeguard the stability of the Euro area as a whole. Or, in the words of EU President Van Rompuy at the signing ceremony: 'once the treaty enters into force its effects will be deep and long-lasting'. Van Rompuy highlighted the treaty's three key aims as stability, coordination and governance.[36] The new treaty enters into force as soon as 12 of the 17 Eurozone countries have ratified it. Importantly, only those that have ratified it will have access to the Eurozone's permanent bailout fund (the ESM), a provision strongly pushed for by German Chancellor Angela Merkel.

The debate about the EU's economic future did not terminate with the signing of the Fiscal Treaty, however. The Treaty has persistently been accused of being dictated by the same neoliberal principles that caused the financial crisis to occur in the first place, just as it is attacked for relying too much on a German model fiscal policy, leaving little room for flexible country-specific solutions.[37] Also, the signing of the Fiscal Treaty did not stop the violent anti-austerity rallies in Greece, which spread to the economically troubled Spain in March 2012.

All in all, further discussion about the Fiscal Treaty is likely to take place during the last part of the Danish Presidency, as both Greece and France face national elections. The election in Greece takes place on 6 May 2012, and could contribute to institutional destabilisation in an already weakened and fragile country. In the French election campaign, the socialist candidate Francois Hollande – the main challenger to the President, Nicolas Sarkozy – wishes to reopen and renegotiate the Fiscal Treaty. Germany's Chancellor Merkel, seeing the Fiscal Treaty as a pre-condition for any future Eurozone bailout, openly backs Mr Sarkozy and even refuses to meet Mr Hollande prior to the French election.[38]

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36 T/ESM 2012 *Treaty establishing the European Stability Mechanism, Brussels,* 2 February 2012 (http://www.european-council.europa.eu/media/582311/05-tesm2.en12.pdf - consulted 13 April 2012).

37 *What now for Greece – collapse or resurrection? Neoliberal economics planned in Brussels and Berlin will push Greece into third-world working conditions* by Costas Douzinas, 5 March 2012, the *Guardian*. (http://www.guardian.co.uk/commentisfree/2012/mar/05/greece-collapse-or-resurrection - consulted 2 April 2012). For more analysis on Greece's current situation see also *The Wait is Over*, 17 March 2012, the *Economist*.

38 *Merkel Forges Anti-Hollande Alliance in Europe* by Veit Medick, 5 March 2012, Spiegel Online (http://www.spiegel.de/international/europe/0,1518,819297,00.html - consulted 13 April 2012).

Meanwhile, the rest of the EU holds its breath, both for the outcome of the French election and for the outcome of the Irish referendum on the Fiscal Pact, which will take place on 31 May 2012.[39] With the Irish people having rejected its past two referendums on EU integration, the latest in 2008, before passing them with concessions, the outcome of Ireland's referendum on the Fiscal Treaty is not being taken for granted. Yet Ireland is not alone. Critical voices against the Fiscal Treaty are found in most EU countries, which share M. Hollande's dissatisfaction with its predominant focus on austerity and not on spurring economic growth. The French elections are due to take place on 22 April and 6 May 2012, until when the situation remains unsettled. Though it is not the Danish Presidency's responsibility to tackle the difficulties that may arise in connection with the Fiscal Treaty, the situation naturally affects the working environment and atmosphere of other Council formations.

Lastly, the burden-sharing between the International Monetary Fund and the EU's bailout fund with respect to the different fiscal efforts to stabilise the EU was also thoroughly discussed during the first months of the Danish Presidency. In late February, the finance ministers of the 20 most industrialised countries in the world met in Mexico City at a G20 summit. They made little progress in their efforts to make the IMF provide more aid to the Eurozone. As a precondition for the IMF to participate in the second Greek bailout, the IMF insisted on an increase in the Eurozone's own bailout funds. More concretely, the IMF wanted the EU to boost the EUR 500 billion bailout funds to at least EUR 750 billion – a suggestion that Germany in particular, being the main EU contributor, opposed. In late March, however, Germany gave in and the new figure was fixed at EUR 700 billion.[40] The EU's hope is that by increasing its contribution it will persuade the IMF to act similarly.

It was within the framework of this global environment, and the signing of the Fiscal Treaty, that the three first Economic and Financial Affairs Council meetings of the Danish Presidency were held. Many of the items on the

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[39] *Ireland calls referendum on EU fiscal treaty*, 29 February 2012 (http://www.euractiv.com/euro-finance/ireland-calls-referendum-eu-fiscal-treaty-news-511184 - consulted 13 April 2012) and *Gilmore reveals referendum Gilmore reveals referendum date*, 27 March 2012 *Irish Times*. (http://www.irishtimes.com/newspaper/breaking/2012/0327/breaking32.html - consulted 13 April 2012).

[40] *EU opts for minimal increase on eurozone firewall*, 30 March 2012, Euobserver (http://euobserver.com/19/115746 - consulted 2 April 2012).

ECOFIN agenda have been heavily influenced by the effort to strengthen and tighten fiscal discipline in the Member States to ensure that a similar crisis will not occur again. The overall message of the Danish Presidency has been to emphasise that the urgent crisis management days are over. Attention now has to be paid to long-term growth, the careful implementation of policies and the need to focus on reachable goals. The Presidency often reiterates its mantra of 'hard work towards concrete results' as the way forward.

The Danish Minister for Economic and Interior Affairs, Margrethe Vestager, who chairs the ECOFIN Council meetings during the Presidency, is a strong proponent of this work mode. Early on during the Presidency, she expressed a strong hope to create more jobs in the short run, and to re-establish sound economic policies. The negotiations in the ECOFIN meetings have echoed this work ethic as well. On her first day in the Presidency seat, Ms Vestager presented the Danish priorities for the coming six months. The four central priorities of the Danish Presidency for ECOFIN were: (1) implementation of economic governance reform and effective implementation of the first full round of the European Semester, (2) strengthened financial regulation, (3) strengthened cooperation on tax matters and, finally, (4) strong EU mandates in the G20.[41]

4.1.3 Negotiation of the 2013 budget and the multiannual financial framework

The Danish Presidency inherited the negotiations of the EU budget from the previous Polish Presidency. The EU's budget is laid down in a so-called multiannual financial frame (MFF). The current MFF is already set for the period 2007-13, and the next runs from 2014- 20. As pointed out in chapter 3, the budget negotiations are some of the toughest in the Council, and the final budget requires unanimity in the Council and also has to be approved by a majority in the European Parliament.

The EU budget consists of a total of six budget categories: (1) sustainable growth, (2) preservation and management of natural resources (under which we find the much-debated common agricultural policy (CAP), (3) citizenship, freedom, security and justice, (4) the EU as a global player, (5) administration

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[41] www.EU2012.dk News from the first January meeting (consulted 2 April 2012).

and (6) compensation. The two costliest are the CAP and the European structural funds, which together comprise around 75 per cent of the total budget.

At the European Council in December 2011, the Danish Presidency was provided with the negotiation mandate necessary for proceeding with the budget negotiations. The European Council encouraged Denmark to take the budget talks as far as possible under the Presidency. The aim is to finalise the budget negotiations by December 2012. Thus it was the expectation of neither the Danish Presidency nor the European Council to finalise the negotiations of any of the budget categories within its term. Mid-way through the Presidency, the Minister for European Affairs, Nicolai Wammen, expressed the hope for advanced discussions about the so-called first budget negotiation box at the European Council summit in June 2012. The first negotiation box identifies all essential parameters in the budget, and thus provides a framework for the budget negotiations without providing any statistics. During the second half of the Danish Presidency, Mr Wammen has expressed a wish to discuss smaller budget categories like research and development, justice and home affairs, the EU's external dimensions and administration.

There is also the aforementioned question about a national rebate – an issue pushed both by the current Danish government and the previous one. Several EU Member States, including, for example, Britain, Sweden and the Netherlands, get a discount in the EU budget – a so-called rebate. Although Denmark is essentially against such a rebate system and wants it abolished, the country also acknowledges its stickiness. Thus, from an early stage in the budget negotiations, Denmark similarly asked for a rebate on the EU budget on the grounds of fairness, and because Denmark is currently the largest net contributor to the EU budget considering its size. Poorer Member States in, for example, Eastern Europe, oppose such measures, however, as they consider themselves economically underdeveloped vis-à-vis the rest of the EU Member States.

At the time of writing, the negotiations about the MFF are still at the hearing stage. In mid-March, the European Commission President José Manuel Barroso, the Financial Programming and Budget Commissioner Januscz Lewandowski and the Danish Prime Minister Helle Thorning-Schmidt attended a hearing in the European Parliament on how to spend the more than

one trillion Euros earmarked for EU expenditure in the 2014-20 financial period.

4.1.4 Regulation of trade with financial derivatives

One of the closed deals, which already count as one of the early successes of the Danish Presidency, is the agreement that was reached on the regulation of trade with so-called financial derivatives. Trading with financial derivatives is generally understood to be one of the underlying causes of the financial crises. This piece of legislation has been on its way for a long time. After the collapse of the Lehman Brothers Bank, a major player in the 'over-the-counter' (OTC) derivatives market, G20 leaders at a meeting in Pittsburgh, United States, in September 2009 committed themselves to stabilising the market and making it more transparent by regulating trade with derivatives. Hence the new EU compromise agreement is a step towards living up to those G20 talks, as regulating trade with derivatives is as an important step forward in the move to prevent future financial crises. The European Parliament and the Council struck the agreement in early February 2012.[42]

The new EU rules will mean that all trades with financial derivatives will from now on have to be cleared by a central counterparty. This central counterparty stands between buyer and seller, ensuring that both parties are always assured of getting what they are owed, even if one of them gets into difficulties. This creates greater security than at present, as most derivatives trades take place directly between buyer and seller, and a party is directly risk-exposed if the other party cannot pay. The new regulation thus aims at preventing future financial crisis by reducing the risk of a domino effect from one financial institution to another by injecting insurance mechanisms into the trade process.

The agreement also means that all derivatives trades will now have to be reported to a central register, which provides a much better overview of the derivatives markets and reduces uncertainty in the market if a financial institution gets into trouble. Finally, it creates organisational and capital

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[42] Memo 12/91 *New European Rules on Over-the-Counter Derivatives and Market Infrastructures*, Brussels, 9 February 2012 (http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/12/91&format=HTML&aged=0&language=EN&guiLanguage=en - consulted 15 April 2012).

requirements for central counterparties. Central counterparties will often be systemically important, and it is essential that they cannot be affected by a collapse of other actors in the financial market. By concluding this agreement, the EU meets the G20 objectives in this area. [43]

Both the Danish Minister for Business and Growth, Ole Sohn, and the Minister for Economic Affairs and the Interior, Margrethe Vestager, expressed satisfaction with the result after the agreement. They underlined that it was the Danish Presidency's clear ambition to contribute to the strengthening of financial regulation in the EU. [44]

4.1.5 Agreement in the Council on the 'two-pack'

The Danish Presidency also managed to broker a Council agreement on what has become known as the 'two-pack'. The overall aim of the two-pack is to further strengthen the surveillance mechanism of the national economies in the Euro area. The two-pack is best understood as additional legislation to the Fiscal Treaty and the so-called 'six pack'. The six-pack came into force at the end of 2011, and is now being put into practice during the Danish Presidency.

As the name indicates, the two-pack consists of two major regulations: (1) a regulation for enhanced monitoring and assessment of draft budgetary plans of Euro area Member States, especially those that are subject to an excessive deficit procedure, and (2) a regulation on enhanced surveillance of Euro area Member States that are experiencing severe financial disturbances or have requested financial assistance from the EU.[45] With the agreement in the Council, the Danish Presidency is now able to take the negotiations further and initiate talks with the European Parliament. The goal is to reach agreement on the first reading before the end of the Presidency. The two-pack is thus not a done deal yet, but the Danish Presidency managed to bring it an important step forward.

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[43] 5587/12 Council conclusions, 3141st Council meeting, Economic and Financial Affairs. Brussels, 24 January 2012 (www.consilium.europa.eu/newsroom/ - consulted 2 April 2012).

[44] Press release, *New rules will increase transparency and safety in derivatives trading*, Copenhagen 9 February 2012 (http://eu2012.dk/en/NewsList/Februar/Week-6/Emir /- consulted 2 April 2012).

[45] 6678/12, Press release 3148th Council Meeting Economic and Financial Affairs, Brussels 21, February 2012 (www.consilium.europa.eu/newsroom - consulted 15 April 2012) The regulations are (6565/12) and (6566/12).

The Council agreement was an explicit ambition of the Danish Presidency, which hopes that a settlement by summer 2012 between the Council and the Parliament will provide enough time for the two-pack to enter into force before the Member States negotiate and settle their national budgets in accordance with the national processes during autumn 2012.[46]

4.1.6 Status of the Tobin tax

A much disputed topic on the Presidency agenda is a tax on financial transactions proposed by the European Commission, also known as the Tobin Tax. This proposal for a financial transaction tax has been controversial from the beginning, the governments of Denmark, Sweden, the Czech Republic and the United Kingdom strongly opposing it.[47] Their main objection is to the expected costs with respect to employment. Since the tax would only be implemented in Europe, and thus not be globally applicable, the fear is that imposing costs on the financial sector in Europe will make businesses flee European financial hubs, such as London or Frankfurt, and settle in places outside the EU to avoid the levy.[48]

The tax has been subject to lively debate in Denmark, with former Danish Prime Minister, Poul Nyrup Rasmussen, now a Member of the European Parliament and former President of the European Socialists Party, arguing strongly for a public hearing on the controversial issue. Mr Rasmussen claims that the European Affairs Committee of the Danish Parliament has received manipulated information from the Danish government. Mr Rasmussen himself is a keen advocate of the Tobin tax.

The Commission's proposal on the Tobin tax was discussed at the March ECOFIN meeting, headed by the Danish Minister for Economic Affairs and Interior, Margrethe Vestager, who, together with the rest of the Danish government, is against the tax. Not surprisingly, the talks at the March

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46 *Six-Pack? Two-Pack? Fiscal Compact? A Short Guide to the New EU Fiscal Governance*, 14 March 2012, the European Council (http://ec.europa.eu/economy_finance/articles/governance/2012-03-14_six_pack_en.htm - consulted 2 April 2012).

47 *Czech Republic joints opponents of Tobin Tax*, 19 January 2012, EUobserver (http://euobserver.com/1016/114939/ consulted 2 April 2012).

48 *Nyrup: Folketingets Europaudvalg får manipulerede oplysninger om Finansskat*, 23 January 2012, Altinget (http://www.altinget.dk/artikel/nyrup-folketingets-europaudvalg-faar-manipulerede-oplysninger-om-finansskat- consulted 2 April 2012).

meeting highlighted the wide range of opposing positions that still exist between the Member States. Although Ms Vestager was able to point out that the Presidency has accelerated work on the tax at the request of a number of Member States, neither final conclusions had been drawn nor substantial progress made by the time of the March meeting. Ms Vestager admitted that she expects the topic to reappear at a later meeting towards the end of the Presidency. The Danish Presidency has already held a number of technical discussions on the matter, which are due to continue over the months to come. The fate of the tax is thus very uncertain at the time of writing, with several alternatives still under consideration.

4.1.7 Hungary's deficit revisited

Another heavily debated topic on the ECOFIN agenda has been the Hungarian deficit, and, not least, the controversial ways in which Hungary has corrected this deficit. In 2011, the Hungarian deficit exceeded the 3 per cent GDP threshold demanded by the European Commission in the Stability and Growth Pact. Although Hungary was able formally to meet the target in 2012, reducing its deficit to below 3 per cent of its GDP, this was mainly achieved by the transfer of pension assets to the state. The Council found that this was not a structural or sustainable correction of the deficit, and deemed Hungary's methods insufficient.

Thus, in concordance with the new and stricter rules for sound economic policies, Hungary became the first Member State to face the consequences of excessive deficits in practice. In March 2012, when the Council still found the Hungarian effort to comply with its economic recommendations to be insufficient, the Council decided to suspend commitments from the EU's cohesion fund for Hungary. The tough crackdown on Hungary strongly echoes the focus on implementation emphasised by the Danish Presidency. The Danish Minister for Economic Affairs and the Interior, Margrethe Vestager, who headed the Council, has particularly been known for her emphasis on a sound economic policy obtained through implementation, incentives and – as seen in this case – consequences if a Member State does not live up to its community obligations.

It is the first time that a clause enabling the suspension of commitments has been invoked since the cohesion fund was established in 1994. In real terms,

the Council's decision to withhold cohesion fund money for Hungary means suspending EUR 495.2 million in scheduled commitments for Hungary from the beginning of 2013.[49] Hungary has until 2013 to correct its deficit.

It should be said that during the first month of the Danish Presidency, Hungary also made the European and international headlines, which were not positive this time either. On 11 January 2012, the European Commission gave the Hungarian government an unprecedented warning that it would face formal legal action unless it modified a series of measures that had been adopted following the passage of a new Hungarian Constitution, threatening the democratic balance of power in the country. Following dialogue between Budapest and Brussels, the Commission deemed on 7 March that the EU conditions were not yet met and, consequently, gave Hungary one month to avoid legal action, which could ultimately result in the suspension of Hungary's voting rights in the Council. The Danish Presidency could have decided to take a firmer stand on Hungary's democratic violation, but chose not to, which resulted in some criticism from EU commentators in the Danish media, who saw the Danish Presidency as an opportunity to champion democratic rights in the Hungarian case.[50]

4.2 Environmental issues: green growth and the climate

The climate and energy efficiency negotiations have arguably been the most disappointing yet for the Danish Presidency. Denmark is a long-standing advocate of greener policies, and the Danish Presidency has firmly articulated and reiterated that economic growth and environmental protection can, and must, go hand in hand.[51] The Danish EU Presidency has been ambitious on this account and continuously stressed the importance of green growth and the lowering of carbon emissions, while simultaneously ensuring European economic recovery and growth. For Denmark, in addition, green technology

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[49] 7513/12 Press Release Council conclusions 3153rd Council meeting, Economic and Financial Affairs, Brussels, 13 March 2012 (http://www.consilium.europa.eu/press/council-meetings?pagenum=2 - consulted 13 April 2012).

[50] *Ungarn som testcase for Danmark og EU*, by Mette Buskjær Christensen, 30 January 2012, Berlingske (http://www.b.dk/kommentarer/ungarn-som-testcase-for-danmark-og-eu - consulted 16 April 2012).

[51] *Energy Efficiency is a top priority for the Danish Presidency*, 13 February 2012, The Danish Presidency News feed (http://eu2012.dk/en/NewsList/Februar/Week-7/Energy - consulted 15 April 2012).

and innovation are important industries. The Presidency initiated early on a 'Green Consumer Tour' (Tour 2012 Europe), which was supposed to visit 27 EU cities, promoting Danish clean-tech solutions. The tour was later postponed to 2013, however, as it proved difficult to find enough enterprises within the proposed deadline.[52]

Denmark's focus on the climate and on green technology has not happened in a vacuum. At the global level, the EU has established itself as a leader and champion with respect to environment, energy and climate issues. These efforts are currently integrated across a range of European policies, including the agricultural policy, the cohesion policy, transportation and the single market, to mention but a few.

In order to fulfil the Europe 2020 strategy target of 20 per cent primary energy savings by 2020, the Danish Presidency has pledged to focus on the new EU energy efficiency directive as well as on the follow-up to the European Energy Efficiency Plan 2011. Additionally, the Presidency is working on establishing a long-term strategy towards 2050 in the areas of energy and climate, building further upon the Energy Road Map and the Low Carbon Economy Commission Communication. During the first months of the Danish Presidency, and in the broader context described above, matters were eagerly pushed forward by the Danish Presidency both with regard to the climate strategy and with respect to the Energy Efficiency Directive.

4.2.1 The climate strategy – the low carbon 2050 roadmap

The low-carbon 2050 strategy of the EU has had a problematic birth. In 2011, the Hungarian Presidency failed to reach a compromise on the strategy owing to a Polish veto. This year the Danish Presidency raised the issue once again, focusing on longer-term milestones in 2030 as well as in 2040. These milestones are non-binding in nature, and only to be seen as initial steps towards later decisions on binding climate goals. At the United Nations Durban conference in December 2011, the EU committed itself to entering a second round of the Kyoto Protocol. For this reason, the EU will issue information on its emission reduction budget before 1 May 2012.

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[52] Read more about this initiative on (http://cphcleantech.com - consulted 2 April 2012).

In this difficult context, the Danish Minister for Climate, Energy and Building, Martin Lidegaard, who heads these discussions at the Environment Council, was able to announce a near-agreement on the Presidency's compromise text on the low carbon 2050 roadmap in early March 2012. As only 26 Member States agreed on the roadmap, however, the recommendations were not formally adopted but presented as independent Presidency recommendations, which emphasises the importance of the talks and the Council's willingness to keep these regulations under regular rigid review. Poland remains the only country against the proposal.[53]

The continuing area of disagreement relates to how the Commission's findings regarding the most cost-effective way to meet the EU target are best achieved. The lack of ability to reach an agreement at this stage must, as mentioned earlier, be seen as disappointing for a Presidency that has long emphasised green growth and sustainable development as one of its absolute priorities. In spite of this disappointment, however, Mr Lidegaard still described the outcome as good progress in the follow-up to the Durban climate conference in 2011. Similarly he, at least, was pleased that the EU was now ready to submit information to the United Nations Climate Secretariat on its 2020 commitments. Although these milestones are not binding, they are necessary if the EU is to maintain its lead and its commitment to green growth.[54]

4.2.2 Energy efficiency directive

During its first months at the top of the negotiating table, Denmark also obtained something of a leap forward on the energy efficiency directive. At the Environment Council meeting in February, political support was at last secured for finalising the negotiations on the directive. The negotiations at this meeting established that the necessary political will existed to achieve agreement with the European Parliament on this important directive. The debate followed the request by the European Council at its January summit to ensure that negotiations on the energy efficiency directive were finalised by the end of June 2012. In other words, the Council had a clear preference

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53 6842/12 *A Roadmap for moving to a competitive low-carbon economy in 2050 - Presidency conclusions,* 14 March 2012 (http://register.consilium.europa.eu/pdf/en/12/st06/st06842.en12.pdf).

54 Minister Lidegaard: Climate Strategy Milestones are necessary to stay in lead on Green Growth, 9 March 2012, Danish EU Presidency News Feed (http://eu2012.dk/en/NewsList/Marts/Uge-10/Lidegaard -consulted 2 April 2012).

for final conclusions under the Danish Presidency. The energy efficiency directive contributes to ensuring that the EU reaches its goal of reducing the level of energy consumption by 20 per cent in 2020.

Denmark, as the most energy-efficient country in the EU, using only 60 per cent of energy per unit of GDP of the EU average, has energy efficiency high on the agenda. When presenting its priorities in January 2012, the Presidency identified a draft energy efficiency directive as one of its top priorities. Yet Denmark's high ambitions have been met with high resistance from powerful actors. Strong countries like Germany and France are trying to water down parts of the draft directive.[55] The question for the second part of the Danish Presidency will be whether Denmark should stick to its high standards and run the risk of not getting an agreement at all, or whether it should loosen up and compromise in spite of its strong, prioritised environmental profile.

The next step, if any such agreement is to be obtained, is an agreement between the Council and the European Parliament. This requires serious willingness by both parties to compromise, just as it depends on the European Parliament's readiness to initiate the negotiations soon. Still, the approaching agreement in the Council is an important step in the right direction of closing the directive before the Danish term runs out, which also remains the expectation of the Danish Minister of European Affairs, Nicolai Wammen. The near-agreement in the Council confirms that his expectation is not unjustified. But hard negotiations lie ahead. To facilitate the talks and make them run more smoothly, Mr Wammen will, simultaneously with the negotiations, have a number of meetings with key members of the European Parliament on the directive.

4.3 Internal security issues: challenging the Schengen zone

The Schengen zone has received renewed attention as a controversial domestic topic in the French presidential election campaign. As he competes against the socialist candidate Francois Hollande, immigration control has become one of the core topics for incumbent President Sarkozy in the run-up to the election in April 2012. President Sarkozy has threatened to suspend

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[55] *Energy efficiency: Made in Denmark, exportable to the rest of the EU?* by Stephen Tindale, Wednesday 11 April 2012 (http://centreforeuropeanreform.blogspot.co.uk/2012/04 - consulted 13 April 2012).

(temporarily) French participation in the Schengen agreement until action is taken to reduce illegal immigration. M. Sarkozy emphasised at an election rally in early March that some EU members are too relaxed about their borders, enabling unwanted migrants to enter France and impose a heavy burden on its social welfare system.[56]

Schengen enlargement is still pending on the Council agenda. Although Bulgaria and Rumania have formally fulfilled their technical requirements for joining the border-free zone, some Member States are still vetoing their access. The main opponent is the Netherlands, which emphasises the need to see improvements in the fight against corruption and organised criminality, which were highlighted as a key problem in a European Commission corruption assessment report. President Van Rompuy thus sought a compromise text at the European Council summit in early March 2012, emphasising agreement 'in principle' to letting the two countries into the Schengen cooperation by September 2012, which follows the reports from the Commission on the status of the their fight against corruption and organised crime.[57] Consequently, Schengen membership for Romania and Bulgaria will probably not be achieved under Danish Presidency, but instead take place under Cypriot Presidency in the second half of 2012.

4.4 External affairs

4.4.1 The international context: Iran, Belarus, Syria

A number of issues deserve to be highlighted from the external affairs agenda during the first three months of the Danish Presidency. These include the increasing violence in Syria, Belarus, and the sanctions against Iran on its nuclear programme. Additionally, Denmark has managed to finalise trade negotiations with Morocco.

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[56] *Sarkozy threatens to end EU passport-free travel*, 12 March 2012, Euobserver (http://euobserver.com/22/115556 - consulted 12 March 2012) and *France Election 2012: Nicolas Sarkozy threatens to pull France out of Schengen Zone*, 11 March 2012, The *Daily Telegraph* (http://www.telegraph.co.uk/news/worldnews/nicolas-sarkozy/9137093/France-election-2012-Nicolas-Sarkozy-threatens-to-pull-France-out-of-Schengen-zone.html - consulted 2 April 2012).

[57] *EU leaders meet on Economy, Schengen and Serbia*, 1 March 2012, Euobserver (http://euobserver.com/19/115438 - consulted 2 April 2012).

Although several authoritarian regimes fell during the Arab Spring in 2011, the battle against President Assad's rule in Syria continues. The early months of 2012 witnessed the increasing brutality of President Assad against his own people. The city of Homs became a sad symbol of the brutality of the regime. The city was besieged by Assad's troops, and no access by foreign reporters was allowed, but reports of random killings and torture nevertheless managed to reach the international press. The Foreign Affairs Council responded by condemning President Assad's campaign of repression against the Syrian population, and because of the continuing violence the Council reinforced EU restrictive measures against the Syrian regime.[58]

The evolution of the Iranian nuclear programme has also been a cause for concern. In the January Foreign Affairs Council meeting, the EU's foreign ministers to put an embargo on Iranian oil, commencing after six months, despite Iranian threats of naval retaliation. The embargo was to stop an alleged nuclear weapons programme. The embargo is worth around 20 per cent of Iranian exports. Furthermore, the Union also blacklisted the Iranian Central Bank and banned trade in gold and diamonds with the country. This embargo, however, is not unproblematic for Europe itself. The buffer of six months was also put in place to help Greece, Italy and Spain, who were on their way to signing new oil contracts with Saudi Arabia and the United Arab Emirates. At the time of writing, diplomacy is still ongoing. In early March 2012, Lady Ashton announced her acceptance of an invitation from Iran to resume talks.[59]

Growing concern about the events in Belarus, popularly labelled Europe's last dictatorship, also attracted the attention of the Foreign Affairs Council during the early months of the Danish Presidency. After the execution of two young men, allegedly responsible for bombing the Minsk Metro yet widely believed to be innocent, Belarusian dictator Lukashenko met a storm of

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[58] Council implementing decision 2012/172/CFSP, 23 March 2012, implementing decision 2011/782/CFSP concerning restrictive measures against Syria (http://eeas.europa.eu/delegations/syria/press_corner/eu_restrictive_measures/index_en.htm - consulted 15 April 2012) see also press release, 3149th Council for Foreign Affairs meeting.Brussels, 27 February 2012 (http://www.consilium.europa.eu/press/Council-meetings?pagenum=1.- consulted 15 April 2012).

[59] *Ashton to resume nuclear talks with Iran*, 7 March 2012, Euobserver (http://euobserver.com/1016/115507 - consulted 15 April 2012).

international protests in early March. The EU's foreign ministers reacted with condemnation and sanctions. As in the case of Iran, however, sanctioning Belarus is not without implications for Europe itself, Latvia and Slovenia opposing the move in order to protect their business interests.[60]

4.4.2 A Trade Agreement with Morocco

On a somewhat more positive note, the external relations agenda in the Danish Presidency's first months has also included the conclusion of an agricultural and fishing trade agreement with Morocco. The agreement enhances Morocco's access to the European market, just as it signals the 'advanced status' of EU-Moroccan relations, as observed by the Commissioner for Enlargement and European Neighbourhood Policy, Štefan Füle. Reforms were launched in Morocco following the democratic revolutions of the Arab Spring, and the agreement should be seen as a deepening of the association agreement already existing between Morocco and the EU. [61]

4.5 Enlargement: Serbia - a country on its way in

In March 2012, Serbia was granted formal EU candidate status by the European Council, a great leap forward in terms of the eventual inclusion of the former Yugoslav country into the EU. Serbia's path to EU membership has been a bumpy one, largely because of the country's sheltering of war criminals from the International Criminal Court in The Hague. The country also struggles to maintain a politically independent judicial system as well as fight corruption. The negotiations were not without drama, as the granting of candidate status to Serbia became part of a broader power struggle between the Netherlands and Romania. The Netherlands, as one of the important architects behind Western Balkan integration, vetoed Romania's entry into the Schengen zone. As many observers noted, this resulted in Romanian reluctance to include Serbia because of its alleged mistreatment of a Romanian minority group called the *Vlach*. In the past, the Netherlands had itself barred the accession talks with Serbia owing to the latter's reluctance to cooperate with the United Nations War Tribunal.

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[60] *Belarus, EU sanctions and the $100mn bounty*, 20 March 2012, Euobserver (http://euobserver.com/1023/115318 - consulted 15 April 2012).

[61] http://eeas.europa.eu/morocco/index_en.htm http://trade.ec.europa.eu/doclib/cfm/doclib_section.cfm?sec=133&langId=en

In the end Serbia was granted the candidate status it had requested, and the Danish Presidency warmly welcomed this step. Prior to the European Council decision, the Danish Minister for European Affairs, Nicolai Wammen, had visited Belgrade and after the decision he personally congratulated the Serbian President, Boris Tadic. The opening accession talks could happen in December if Belgrade improves its fight against corruption and keeps improving day-to-day relations with Kosovo. Yet the final and crucial step, EU entry, is still several years down the line. It depends on more difficult issues, such as the status of Kosovo and the status of Kosovar Serbs in north Kosovo. Although President Tadic has continuously underlined the economic benefits of EU integration, he faces nationalist hardliners in the opposition parties, and Serbia still supports a Serb enclave in Kosovo. Despite providing Serbia with candidate status, the EU made it absolutely clear that the country has to recognise Kosovo in order to enter the Union.[62]

Meanwhile, the enlargement process of the Union continues. With Serbia having secured candidate status, another country in the opposite geographical part of Europe is preparing for potential membership, namely Iceland. This enlargement is also warmly supported by Denmark, and as part of this process Mr Wammen paid a visit to Iceland during the early months of the Danish Presidency. Iceland opened accession talks with the Union in 2011, but these are problematic mainly owing to the fear of a large segment of the Icelandic population that a loss of sovereignty in the valuable Icelandic fishing industry will result.

4.6 Institutional cooperation: presidential Fingerspitzengefühl

With the introduction of two new institutional forces – the High Representative for Foreign Affairs and Security Policy and the President of the European Council – as well as the increased powers of the European Parliament, which is now co-legislator with the Council in many policy areas, the Lisbon Treaty imposed a new role for the national Presidency. As noted above, the role of the Presidency is now to navigate and accommodate inter-institutional bargaining between the Council, the permanent President and High Representative, the European Parliament and the Commission.

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[62] *Serbia gets EU candidate Status, Romania gets nothing*, 2 March 2012, Euobserver (http://euobserver.com/15/115466 - consulted 2 April 2012).

The first few months of the Danish Presidency have proved that Denmark has taken its role as inter-institutional mediator seriously, in particular when it comes to involving the European Parliament. Danish ministers have travelled extensively to hearings and consultations with the European Parliament, and the first months of the Presidency were filled with Brussels-based meetings and visits between the Danish Presidency and the different European Parliament committees.

In more practical terms, in this regard, the Danish Presidency managed to finalise an inter-institutional agreement in mid-February 2012 between the Council and the European Parliament regarding the European Parliament's access to classified documents. The agreement guarantees that the European Parliament can exercise the new prerogatives it was given in the Lisbon Treaty with respect to cooperation regarding international agreements. This agreement can be seen as a victory for the European Parliament, which, for years, has demanded more and better access to classified Council documents in order to follow the negotiations more closely.[63]

4.7 A Presidency in extraordinary times: What lies ahead?

The Danish 2012 EU Presidency focuses on implementation. It emphasises hard work and concrete goals, in addition to efficiency. To a large extent, these characteristics have successfully characterised the Danish Presidency during its first months. The Danish Presidency has been able to close important negotiations, including the regulation on trade with fiscal derivatives, obtaining Council agreement on the Commission's 'two-pack' and assigning EU candidate status to Serbia, to mention just a few of its achievements. Yet, as also pointed out in the beginning of this report, an EU Presidency cannot be fairly judged on the basis of its performance and results solely for the first part of its six-month term.

Important negotiations still lie ahead. Maintaining the focus on concrete results, the list below includes some of the dossiers the Danish Presidency

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[63] Council agreement 6590/12, Brussels, 16 February 2012 (http://www.consilium.europa.eu/documents?lang=en - consulted 13 April 2012), see also *Agreement on European Parliament's access to classified information held by the Council*, 16 February 2012, news feed from the EU presidency (http://eu2012.dk/en/NewsList/Februar/Week-7/classified-information - consulted 2 April 2012).

will focus on and pursue during the remainder of its Presidency. The list reflects what the Presidency can realistically hope to achieve before the baton is handed to Cyprus as the last country in the Polish-Danish-Cypriot trio.

- Proceeding with the negotiations on the **multiannual financial framework**
- Working for significant progress towards a **digital single market**
- Continuing the implementation of the **Stockholm Programme** (2010-14)
- Finalising the **Common European Asylum System** (CEAS) before the end of 2012
- Strengthening the **Schengen system** through a safeguard clause in the Visa Regulation and the establishment of the Schengen Evaluation and Monitoring Mechanism
- Achieving progress in the negotiations on the **EU PNR Directive** to fight cross-border criminality and on the **European Investigation Order**
- Finalising negotiations on the **Energy Efficiency Directive**
- Securing implementation of increased economic cooperation under the **European Semester**
- Focus on **future trade agreements**, including agreement with Singapore, and investment agreement with China and possible negotiations with Japan.

5 Conclusions

It must be said that 2012 is not 2002. The Danes will not experience a triumphant summit in Copenhagen. They will not see Prime Minister Thorning-Schmidt after a long night of intense negotiations facing a blaze of flash photography as she presents a compromise and a triumph for the Presidency. The rotating Presidency is different today. Since 2009, the President of the European Council and High Representative for Foreign Affairs and Security Policy provide greater continuity in the work of the EU. The rotating Presidency has exchanged its extremely visible role in foreign policy and at the summits of heads of state or government for a greater focus on getting the internal workings of the Council right, where everyone has to contribute in order to get everything to work together. 'Results through hard work' has almost become the mantra of the Danish Presidency anno 2012. It will be – and has already been – a challenge to communicate this to the Danes and the rest of the world.

The Danish approach to the EU Presidency is a rather humble (or as the Danes would say: realistic) one: the Presidency is on loan. Indeed, this is the very reason why the rotating chair has been such a successful and stable feature of European integration.[64] In terms of preparation, the Danish line has been clear: this position of trust must be managed with humility and openness, otherwise there will be a high price to pay. For Denmark, the main task is to unite European and Danish objectives at a higher level. Never before, however, has Denmark's presidential success been more dependent on other institutional forces, especially Mr Van Rompuy and Lady Ashton.

Nevertheless, as we have argued in this mid-term report on the Danish 2012 EU Presidency, the rotating chair can still add a national flavour to day-to-day EU politics; for instance, through its prioritisation of particular dossiers. As a subtle, yet effective, demonstration of the Danish determination to be economical and green, the diplomats and ministers attending the hundreds of Presidency meetings on Place Schuman in Brussels refresh themselves with tap water: the Danes have vetoed bottled water. '*We are very cost-efficient in Denmark, so we want an efficient Presidency at low cost*', as Danish EU

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[64] See also Thomson, R. (2008): The Council Presidency in the European Union: Responsibility with Power, *Journal of Common Market Studies*, 46:3, pp. 593-617.

Affairs Minister Nicolai Wammen told the European press in January.[65]

As the current fiscal domestic situation in Denmark has imposed on the public administration a need to be more cost-efficient, the Presidency has not been able to upgrade as much as most Presidencies in terms of staff. A significant number of civil service positions have even had to be cut during the course of the Presidency. Although this resource shortage is unlikely to impact on Denmark's ability to reach the overall goals it has set out to accomplish, it remains an open question whether this could become a problem in a crisis situation. So far, despite the limited staff, the Danish Presidency has been able to handle the tasks given to it, supporting the finding that small Member States can be just as efficient as large ones.[66]

One of the most obvious particularities of the Danish EU Presidency is that it is chairing the EU in the midst of an economic crisis whilst having an opt-out from the Euro. Repeatedly, however, the Danish Presidency, and in particular Helle Thorning-Schmidt, has presented Denmark as a bridge between insiders and outsiders. In the shadow of the British veto on the Fiscal Treaty from December 2011, this approach seems to be paying off. Indeed, whereas the divide between Euro-insiders and outsiders seems to be increasing, the Danish Presidency has from the very beginning insisted on the community method and on pragmatically keeping the EU27 together. In a difficult situation, where some see the EU as close to breaking in two, the self-proclaimed bridge-builder role of the Danish EU Presidency is welcomed by many Member States.

The euro is in crisis and will detract from the Presidency's achievements during the second half of its term. To be able to declare the Danish 2012 Presidency a success by June 2012 will require continuous hard work by all sides, and despite the lesser prominence of today's tenure, it remains an extremely large, difficult and complex task. With its realistic but concrete goals, however, the Danish Presidency is well on its way.

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[65] *Denmark launches tap-water presidency,* 10 January 2012, see http://euobserver.com/18/114807 (consulted 17 April).

[66] See also Warntjen, A. (2007): Steering the Union. The Impact of the EU Presidency on Legislative Activity in the Council, *Journal of Common Market Studies,* vol. 45, no. 5, pp. 1135-1157.

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