

# **A UNIFYING PRESIDENCY AMID AN UNPRECEDENTED CRISIS:**

**EVALUATING THE GERMAN COUNCIL  
PRESIDENCY FROM THE CENTRAL  
AND EASTERN EUROPEAN PERSPECTIVE**

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From its outset, the German Council Presidency was bound to be no walk in the park. And the last six months have indeed proven challenging and unpredictable, undergirded by the COVID-19 pandemic, accompanying short- and long-term consequences stemming from the health crisis and exceedingly high expectations that Berlin succeed in tackling an ambitious program. In hindsight, the presidency fostered levels of unity and compromise unseen in recent years. Important agreements were brokered and all member states can feel that they came out “winners.” Yet this newfound impetus should be further built on as much is left to accomplish to usher in an EU fit for the future.

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# EXECUTIVE SUMMARY: HOW DOES CENTRAL AND EASTERN EUROPE EVALUATE THE GERMAN COUNCIL PRESIDENCY?

BY VLADISLAVA GUBALOVA

From its outset, it was apparent that the German Council Presidency would be faced with multiple forbidding challenges. These, notably, included the COVID-19 pandemic, the accompanying short- and long-term consequences stemming from the health crisis and exceedingly high expectations that Berlin succeed in tackling an ambitious program. Overall, the German presidency, however, proved to be one of the most significant in recent memory and now may serve as a model for uniting member states behind the mission of creating an EU fit for the future.

In hindsight, the presidency brokered important agreements, including the recovery fund and the rule of law conditionality mechanism, which will have long-lasting effects on the EU. At the same time, other issues, for example, the continued impasse on development of a common migration policy and the lack of a coherent foreign policy, remain unresolved or stalled. With the presidency now behind us, this report, drawing on the opinions of fourteen experts from nine countries, seeks to evaluate, at a more granular level, Germany's performance from the perspective of Central and Eastern Europe.

If there is one reoccurring theme throughout, it pertains to the fortuitous timing of Germany taking the helm of the Council. While the presidency itself does not confer direct powers on the country holding the position, the function assigned by the Lisbon Treaty—to negotiate and mediate—fit well with the political capacity and weight of Germany and the experience and vast network of Chancellor Angela Merkel. Berlin's choice of strategy - inclusiveness and paddling through - enabled all parties to 'save face' and was judged favourably, seen at minimum as the most realistic option. If the outcome left some not absolutely satisfied, it also did not overly disgruntle anyone either. Regardless of the achievements and failings of the presidency, for most, Germany was "instrumental in steering the Union through an extremely difficult period." The presidency also contributed to bolstering Angela Merkel's legacy as she enters the final months of her chancellorship in 2021.

All told, the COVID-19 pandemic fundamentally altered the original plan for the German presidency, rendering the past six months more challenging and unpredictable. The crisis, however, also prompted a spirit of compromise previously deemed unrealistic (e.g. agreement on the NextGenerationEU), enabling the EU to achieve more progress on various issues than expected (e.g. third party access to PESCO projects).

## ACHIEVEMENTS

Among the most celebrated achievements of the German presidency was the agreement on the the 2021-2027 Multiannual Financial Framework, the EU's long-term budget, and NextGenerationEU, the recovery instrument (recovery fund). While the negotiating power of the German presidency was put to the test in satisfying clashing perspectives, the recovery deal also witnessed a remarkable shift in Berlin's own once seemingly rigid policy positions. Recognizing the political and economic risks of inaction, the German government declared early support for fiscal solidarity. For CEE, this achievement remains, undoubtedly, the pinnacle of the German presidency.

Another significant accomplishment, also associated with the EU budget, was the addition of a rule of law conditionality mechanism that stipulates the responsible expenditure of European funds and puts respect for European values at the forefront. While Hungary and Poland vigilantly opposed rule of law conditionality, the presidency was able to similarly mediate the issue in a pragmatic manner, removing the final obstacle to approval of the recovery fund. Though the mechanism, as such, will not enforce EU rule of law and questions remain concerning the extent and timing to which it will bear fruit (its ramifications could be significant not only for Hungary and Poland but also other CEE countries), the adoption of the provision at the EU level is an achievement in itself.

Pandemic coordination and the organization of a common strategy for vaccination and better tracking of the pandemic is yet another accomplishment of the presidency. Berlin indeed was a fervent backer of the European Commission and sought to persuade member states to optimally coordinate their responses to avoid a repeat of the chaos from spring 2020. Even though there have been more fatalities during the second wave of the pandemic, countries have, in fact, pursued a more reasoned and coordinated response. And although criticism is starting to mount amid a vaccination rollout that has been more sluggish than some anticipated, the common European strategy and purchasing agreement that formulate the core of the EU approach would not have been conceivable before both in terms of the

healthcare sector aspect and the German mediating role. The generally small CEE countries, in fact, do not possess the budgetary prowess or negotiating leverage to effectively arrange these deals on their own. These countries, consequently, likely would have struggled to secure vaccines in a reasonable time period had it not been for the joint EU procurement effort.

As the German presidency closed out its term, three more initiatives, furthermore, came to fruition: agreement on new climate targets, rules on third party access to PESCO projects and the striking of a trade deal with the UK. Each agreement will have considerable impact on the EU and its member states. Reaching ambitious climate targets could prove a significant challenge for countries like Poland, the Czech Republic and other, primarily CEE, countries. Even though the region is still “catching up” to Western Europe on economic development, countries will be faced with transforming their growth models. That said, with strategic planning, the MFF and the recovery fund present an unprecedented opportunity for CEE countries to pursue modernization especially in light of changes that were negotiated during the deal-making process.

Third country participation in PESCO projects is an issue that garnered less public attention. Following years of stalling, select non-EU countries, under strict conditions, can now partake in initiatives. In practice, defence cooperation with the UK, for example, can continue through this mechanism and so too with partners like Norway and the U.S. Given that CEE perceives NATO and the U.S. as the primary security guarantors of the region, this agreement provides additional assurances that European defence policy will not be de-linked from its crucial relationship with NATO.

The UK, simultaneously, will also become an economic partner with the EU based on the trade deal reached in December, coming after many had already lost hope for an accord. The German presidency provided critical support to the chief EU negotiator and corralled EU member state unity. For a CEE whose supply chains (especially Slovakia and the Czech Republic) are closely intertwined with the UK, news of a trade deal was a major source of relief.

### MIXED BAG

There were also some missed opportunities during the German presidency, prompted either by the very design of the inclusive and “make everyone a winner” strategy pursued by Berlin and/or controversial decisions. Putting the EU, for example, on a path to becoming a stronger player on the world stage, one that is able to influence norms and rules, was a key priority of the presidency. Considerable criticism, however, has been lobbed that purports unsatisfactory progress towards this aim.

A central point of contention pertains the Comprehensive Agreement on Investments (CAI) with China, a deal reached only on the penultimate day of the German presidency. Some analysts see the accomplishment as a move by the EU to demonstrate independence in positioning itself vis-à-vis Sino-American relations. In this vein, the presidency succeeded in elevating the EU’s actor status in foreign affairs. Other experts, however, are concerned that this agreement may prove problematic for CEE given that most economies in the region are export-oriented and based on relations that place an emphasis on the West. The agreement has turned especially controversial and divisive, for example, in Poland and the Czech Republic. In light of the possibility that the deal could reshape transatlantic relations, the agreement might also complicate the development of a new relationship.

On foreign policy, the inability of the presidency to broker agreement on an initial round of swift sanctions against Lukashenka was also alarming. The precedent set by Cyprus in vetoing the issue on unrelated matters was particularly troubling. So too was the rift over EU assertiveness in the Eastern Mediterranean considering Turkey’s violations. These episodes leave space to contemplate whether Germany did enough. The EU, furthermore, played minimal role during the conflict in Nagorno-Karabakh, a situation that was ultimately mediated by Russia. Without the EU first playing a more prominent role in securing and protecting its neighborhood, any hopes for greater global influence are not especially realistic. Given that conflict and instability are indeed prevalent in the immediate neighborhood, the EU’s enlargement and neighborhood policies are essential tools to bring about positive change. Located on the eastern frontier, these policies are particularly pertinent to CEE countries. All told, the presidency squandered an unmistakable opportunity to project the EU as a global actor by advancing more assertive stances towards, for example, Russia and Turkey.

### MISSED OPPORTUNITIES

A few program priorities saw no success or portfolio movement including some issues areas that have been important for Germany in the past including the common migration policy, enlargement and reform of the EU.

The new European Commission’s proposal for a Migration Pact fostered hope that the political weight of the German presidency would be able to move the discussion towards a consensus among member states. Yet momentum fizzled out rapidly and the presidency failed to follow up with the type of heavy lifting that would have been necessary on the matter. Some member states openly, others less so, blame the migration crisis and continued inflows on

Germany. Distrust continues to prevail in CEE on the endeavour to find a fair solution on removal of the re-location clause. On the other hand, CEE countries are not entirely displeased with the status quo where countries of entry are primarily responsible and there is neither secondary movement nor effective relocation to CEE.

Despite the fact that Germany has been one of the most supportive member states of the enlargement process, accession negotiations with Albania and North Macedonia were not initiated during the German presidency. Bulgaria, the member state that re-introduced the Western Balkans onto the European agenda under its own Council Presidency, vetoed the process for North Macedonia (and by default for Albania). While Bulgarian Prime Minister Boyko Borissov has been a close partner to Angela Merkel, even her experience and leverage were not enough to negotiate a veto change of heart.

Before the COVID-19 pandemic, the Franco-German partnership introduced an ambitious initiative, the Conference on the Future of Europe. The activity was intended to be a method for involving EU citizens and national and EU institutions in drafting recommendations for EU reforms. The pandemic, though, saw the project postponed indefinitely. The COVID-19 crisis has, nonetheless, put a spotlight on the current European institutional framework and its agility flaws in being unable to carry out swift decisions and actions. Though it is even more urgent now to engage Europeans, the presidency was unsuccessful in seeing its own initiative materialize. What is more concerning is that the initiative is no longer seen as priority by member states and citizens.

The German Council Presidency motto was “Together for Europe’s recovery.” The message was clear—Europe is living through an unprecedented crisis that necessitates unity, solidarity and action. The presidency focussed on ensuring that much needed recovery funds were approved and used its clout to negotiate and bolster EU policies on climate, a common pandemic strategy and rule of law. Though final negotiations with the UK on a post-Brexit trade deal proved successful, the EU failed to considerably enhance its voice on the global stage during the six-month presidency. And despite the need for reforms, progress on organizing the Conference on the Future of Europe stalled. While challenges remain and the pandemic lingers on, the EU, nonetheless, finds itself in a more stable position and on the path to recovery as Germany turns the Council Presidency over to Portugal.

## AUSTRIA

### A SUCCESSFUL PRESIDENCY, BUT MUCH REMAINS TO BE DONE

BY PAUL SCHMIDT

The German EU Council presidency took office in unprecedented times as the EU struggled to preserve its unity and defend long-term integrational achievements threatened by the spread of COVID-19. In hindsight, it was a fortunate coincidence that one of the EU's central players was in charge when political weight and experience was in dire need. The presidency was successful in wrapping up the EU's Multiannual Financial Framework and spearheading the historic Next Generation EU recovery fund. It introduced a rule of law conditionality linked to EU-finances and set the path for a more ambitious climate target and an inclusive, green transition. After the joint procurement of COVID-19 vaccines, the long-awaited EU-wide roll out began, and a last-minute free trade agreement was reached with the UK, avoiding an irrational no-deal chaos.

While the EU was successful in much of its crisis management, little progress was made on issues such as EU asylum and migration policy, EU accession negotiations with the countries of the Western Balkans, and the EU's internal reform process. In addition, the EU failed to speak with one, strong voice on the global stage, notably regarding the political crises in Belarus and the conflict with Turkey.

These last months have shown the EU's success during times of crisis, yet swift and resolute decisions still depend on the goodwill of all its member states. Now is the time to increase the EU's flexibility and resilience, bridge internal disputes, and speed up the implementation of decisions. EU financial aid must reach those most affected by COVID-19, vaccines must be supplied equitably and swiftly, and the political ownership for EU integration must be invigorated. 2021 is the year to deliver and rebuild trust among citizens in Austria and its CEE neighbors as well.

## BULGARIA

### BULGARIA: DOMESTIC PROTESTS UPSTAGE THE GERMAN COUNCIL PRESIDENCY

BY ANTOINETTE PRIMATAROVA

The pandemic turned the German EU presidency into a COVID-19 presidency. In Bulgaria, the compromise on the MFF and the recovery fund was perceived as the EU's biggest achievement. The funding Bulgaria is eligible to receive under the 2021-2027 budget and the Next Generation EU recovery instrument is an unprecedented opportunity for modernization of the country.

As Bulgaria's accession happened during a previous German Council presidency in 2007, many symbolically made the connection that during this presidency, Bulgaria will be able to take another step forward and consolidate its position in the EU. For example, this could be done through progress on dossiers not directly linked to the presidency's priorities, but assuming Germany's active support in Bulgaria's participation in the ERM II and in lifting the monitoring of the Bulgarian judicial system. In addition, after the Bulgarian EU presidency brought the Western Balkans back on the agenda in 2018, the Bulgarian government considered the enlargement agenda of the German Presidency as a natural follow-up.

In the end, when measured against Bulgaria's initial aspirations, the German presidency was an opportunity lost for Bulgaria and its position in the EU (except for the inclusion of the Bulgarian currency in the ERM II).

In November 2020, the weakened GERB (Prime Minister Boyko Borissov's party) government supported the agenda for North Macedonia of the nationalist coalition partner 'United Patriots' and de facto blocked the opening of EU membership negotiations with Albania and North Macedonia. Technically, Bulgaria refused to approve the Council Negotiating Framework for North Macedonia, arguing that North Macedonia violates the 2017 Bilateral Cooperation Agreement and compliance with the agreement should be made part of the negotiating framework. Such unexpected move was partly a consequence of domestic instability. Throughout Summer 2020, the Bulgarian government was seriously challenged domestically. Massive daily protests triggered by state capture and corruption allegations were reflected in international media and in a Resolution of the European Parliament on rule of law and fundamental rights in Bulgaria.

Officially, the German presidency did not blame Bulgaria. If anything, Bulgaria praised German efforts to mediate bilaterally and blamed the negotiations failure on North Macedonia. Several German and international analysts considered this move incomprehensible, counterproductive, and destructive for the positive image Bulgaria gained with its Western Balkans agenda back in 2018.

## CROATIA

### GERMANY'S EU PRESIDENCY – THE RELUCTANT HEGEMON TAKES THE LEAD

BY KRSEVAN ANTUN DUJMOVIC

Germany's EU presidency has proved to be fully successful as Germany showed itself as the leader of European integration. The first half of 2020 was marred by a lack of unity and strife within the EU, especially after the eruption of the COVID-19 pandemic in Europe in March. The presidency consolidated the EU, and upon the arrival of the second wave of the pandemic in the fall the Union seemed better organized, prepared, and coordinated in-between its members states.

Through the work of the German Council presidency, it appeared that the EU could finally be a reliable and relevant player in the global environment and put forth a unified voice when dealing with partners and competitors, such as the U.S. and China. By the end of 2020, the EU agreed upon the Comprehensive Agreement on Investments (CAI) with China, proving that the EU can choose its China policies independently from the U.S.

In the second half of 2020, the EU also displayed a calm demeanor in negotiations on Brexit, even though talks were on many occasions brought to a grind, predominantly due to Great Britain's overwhelming demands.

Germany's EU presidency also managed to harmonize the wishes of all members states, including Poland and Hungary, even though there were instances when compromise seemed unreachable. This leadership led to the adoption of the new Multiannual Financial Framework (MFF). Mostly due to Germany's guidelines, the new MFF will bolster the development of renewable energy in Europe, making the EU a global leader in both technology development and production of green energy by 2030.

## CZECH REPUBLIC

### EVALUATING THE GERMAN COUNCIL PRESIDENCY FROM THE CZECH PERSPECTIVE

BY VENDULA KARASKOVA

After the first wave of the COVID-19 pandemic in the spring of 2020, Europe found itself on the brink of a deep economic crisis. The Czech Republic, whose export-focused economy is strongly linked to the German one, expected from the German presidency in particular, a successful conclusion of the negotiations on the 2021-2027 MFF and recovery fund. The Czech Prime Minister Babiš managed to push through all his demands, partially thanks to his negotiations with Merkel, and even negotiated more than originally expected.

The final agreement is a significant success of the German presidency, especially taking into account the challenges related with the principle of linking the rule of law to EU-finances, where negotiations seemed deadlocked. Despite the strong political relevance of this topic to the future direction of the European Union, as well as for its Visegrad partners, Czechia did not hold a strong position on it, kept a low profile during the negotiations, and agreed with the final result.

The presidency also succeeded in including the climate goals into the final agreement and bringing the EU member states to agree on increasing the 2030 greenhouse gas emissions reduction target to 55%. This will have lasting consequences for countries like the Czech Republic and Poland, whose economies are largely dependent on energy-intensive industries, although they managed to negotiate their conditions into the final agreement.

The German presidency also made history with a last-minute Brexit agreement. Although in some other topics, e.g., in the negotiation of the new pact on migration, Berlin was not able to make substantial progress, it has in general managed to fulfil high expectations and find agreement on the EU's most pressing issues.

\*Parts of the text have been earlier published [here](#).

## THE CZECH VIEW OF ANGELA MERKEL'S LAST GERMAN EU PRESIDENCY OF 2020

BY TEREZA NOVOTNA

2020 was Angela Merkel's third – and presumably final – Presidency of the Council of the EU. She experienced it once before as a minister in 1994, and as a German chancellor in 2007.

The 2020 German EU presidency was therefore supposed to have been Merkel's crown jewel, steering the EU to tackle global challenges – from climate change through digitalization to migration. These long-term plans were overshadowed by no less demanding short(er)-term crises: COVID-19 health emergency and related economic recovery, the future relationship with the “Brexiting” Britain, and rule of law. Even though the Presidency's programme had to be adjusted to face these immediate dangers rather than focusing on long-lasting tasks, Merkel's achievements are no less momentous.

From the Czech perspective, launching the Next Generation EU was a historic move, particularly since OECD has predicted Czechia to be one of the hardest hit countries by the pandemic's economic fallout. Similarly, agreeing on a trade deal with the UK has been a welcomed development in Prague due to the dependent nature of the Czech economy on German-UK supply chains.

However, agreement on conditioning any EU financial disbursements by sticking to rule of law may prove to be the most vital for Czech politicians. Even though the still-to-be-determined mechanism has been primarily provoked by Hungary's recalcitrant Viktor Orban, Czechia's Andrej Babis is a no less problematic figure when it comes to the misuse of EU funds.

Merkel's last-minute coup – conclusion of the investment treaty with China (CAI) – might become the most controversial outcome of the German presidency that threatens to tarnish her legacy, including in CEE countries. In Czechia, relations with China is a domestic issue, and support for CAI may cause a divide within the Czech political class and the public alike, while creating strange bedfellows – liberal free-marketeers and hardcore communists.

Whatever the future judgement of the German Presidency – as well as of Merkel herself – will be, the Central Europeans can be sure of one thing: it doesn't look very likely that a fellow “Easterner” will run Germany (and the EU) anytime soon.

## HUNGARY

### EVALUATING THE GERMAN COUNCIL PRESIDENCY FROM A HUNGARIAN PERSPECTIVE

BY TAMAS LEVENTE MOLNAR

Although the institutional weight of the Council presidency has greatly diminished since the Lisbon Treaty, due to the circumstances caused by the COVID-19 pandemic and because of Germany's outstanding role in the EU, the expectations towards its presidency were extremely high.

Evaluating Germany's Council presidency in hindsight, its biggest achievement was maintaining the EU's everyday political procedures. The member states agreed on more ambitious climate goals for 2030, the EU sealed accord to let third countries into PESCO projects, the Commission's target to strengthen the EU's digital and technological sovereignty is finally taking form with projects such as GAIA-X, and an EU–China investment deal was struck on the last minutes of the presidency. From the many dossiers, the most crucial ones are beyond doubt the EU's new budget (MFF) and recovery fund (NGEU).

From the Hungarian point of view, the most important aspect of the German presidency is that it managed to uphold the EU's unity on adopting the 1.8 trillion budget, recovery fund, and the accompanying rule of law conditionality mechanism. Thanks to Germany's strive for inclusion, traditionally a core element in the country's foreign policy culture, the presidency hammered out a compromise on rule of law conditionality, and the Hungarian and Polish leadership dropped their EU budget veto. It is yet to be seen what the two countries' governments effectively gained with the compromise – beyond postponing the starting date of the mechanism's application – they certainly managed to save face in the short term, and thus could sell the deal as a victory at home. As both countries already signalled their willingness to take the mechanism to the European Court of Justice, one should not hope for the political quarrel to cease on rule of law in the next months or possibly even years to come.



## THE GERMAN PRESIDENCY PROVIDED FURTHER LEEWAY FOR AUTHORITARIANS

BY EDIT ZGUT

One of the most important achievements of the German presidency was the agreement on the rule of law conditionality within the Multiannual Financial Framework (MFF) budget negotiation.

It appeared to be a good deal for every fraction within the Council. The member states from Southern Europe can receive recovery funds after being hit by multiple crises, and the Hungarian Prime Minister Viktor Orbán could most certainly bring it home as a political victory.

The interpretative declaration was depicted as a significant success of the Hungarian government at a domestic level, emphasizing that Viktor Orbán (together with his Polish counterpart) could insert a significant influence on the course of action in the Council.

The German presidency has most certainly set a precedent where legally binding regulations are not required before the judgment of the EU Court has been issued. Once again, the EU has made concessions for autocratically minded leaders to overcome a deadlock, this time on the MFF, after Hungary and Poland aggressively pushed the “veto envelope” for weeks.

The Hungarian government was eager to water-down the conditionality by narrowing its scope and implementing a deferral clause so that the Hungarian government ties it up in litigation at the EU Court. Even if the EU Court investigates it under an accelerated procedure, the Orbán government would still be able to use EU funds until the 2022 parliamentary elections campaign. Once again, the Hungarian Prime Minister could benefit from the *modus operandi* of the EU: while the long-lasting transparent procedures are done, he can use EU transfers to consolidate power without political consequences.

Just when the EU tries to increase oversight of public funds through rule of law conditionality, the Hungarian government effectively reduced it by amending its constitution. Arguably, the German presidency missed the opportunity to put the regulation to a vote and call the veto threat a bluff.

## THE PRESIDENCY OF THE WINNERS OR THE PRESIDENCY OF THE DOUBLE THINKERS?

BY DANIEL BARTHA

While almost everybody is making jokes about how cursed 2020 was, diplomats dealing with EU matters should be the exception, because the pressure created by COVID-19 was matched with a presidency that was politically capable to strike a deal between ever distancing member states, in a way that all of them could feel like winners.

Nearly every expert expected no budget deal in 2020, but Germany introduced Orwellian doublethink in real politics. By introducing the recovery fund, Germany could both silence those demanding a higher budget and make peace with more frugal states by increasing and decreasing the budget at the same time. The introduction of the rule of law conditionality, which was the most important development under the German presidency from a Hungarian perspective, is quite a similar case. It exists at the end, so every politician supporting democracy and rule of law can “tick a box,” but from the perspective of Warsaw and Budapest, it remains irrelevant as its implementation is narrow and time consuming. It is essentially an Article 7 doppelgänger.

Berlin’s vital role in maintaining a united position until the last moments of the Brexit talks, and finding a consensus on the updated climate targets is also indisputable, however it was less in the interests of Budapest.

Interestingly, one of the biggest failures of the German presidency, mediating between Bulgaria and North Macedonia, has seemingly remained unnoticed in Hungary, despite the EU enlargement towards the Western Balkans being the most well-known EU policy agenda of Budapest. The silence might be reasoned by the fact that the Hungarian EU Commissioner, Oliver Varhelyi, is responsible for enlargement and he had an equally important role during the talks.

# POLAND

## GERMAN PRESIDENCY VIEWED FROM CENTRAL EUROPE

BY MARCIN ZABOROWSKI

As Germany began its EU Council presidency, Europe entered a second, more deadly, wave of the COVID-19 epidemic, creating unforeseen difficulties for the Presidency. Despite this, the presidency's agenda was ambitious, tackling the Multiannual Financial Framework (MFF), the recovery fund, Brexit, enlargement, the Belarussian and Cyprus crises, and trade agreement with China - just to name a few.

There is no doubt that the presidency has been extremely efficient in shepherding the agreement on the 1.8 trillion-euro worth MFF (7-year EU budget) and the 750 billion-worth recovery fund. The creation of the recovery instrument represents a major breakthrough in the German attitude towards sharing the financial responsibility for the entire Union, as loans will be guaranteed by all member states, Germany included. Berlin was also successful in brokering an agreement to link the EU budget with the assessment of the rule of law, despite strong objections from Hungary and Poland, who eventually dropped their veto threat.

The presidency's record in overseeing EU foreign relations is more mixed. It failed to secure the launching of the accession negotiations with North Macedonia. It also failed to secure immediate sanctions both on Belarus in response to Lukashenka's blatant falsification of the Belarussian election and on Turkey in response to illegal drilling in Cyprus's waters. The two issues became connected as Cyprus initially blocked the Belarussian sanctions, insisting on EU solidarity in the face of Turkey's actions.

The presidency was considerably more successful in promoting international trade agreements. Most importantly, it assisted the Commission in reaching a last-minute agreement with the UK, which seemed close to impossible. Berlin also managed to finalise the agreement on EU defensive powers in trade relations, allowing the Union to retaliate against measures undertaken by China or the U.S. in absence of an arbitration mechanism in the World Trade Organisation. In the presidency's final days, the EU negotiated with China to fast-track the Comprehensive Agreement on Investment, which—whilst considered controversial by some members states (such as Poland) and disliked by the U.S.—is likely to enhance further EU-China economic relations.

Considering the extraordinary conditions of the pandemic and both the multitude and severity of tasks faced by the German presidency in the second half of 2020, there is little doubt that this has been one of the most successful presidencies in the EU's recent history.

## MOVING PESCO FORWARD

BY MONIKA SUS

The agenda of the German EU Council presidency was overshadowed by the COVID-19 pandemic as well as by the problematic negotiations of the Multiannual Financial Framework and the EU recovery fund.

Despite this, the German rotating presidency managed to achieve progress in some other areas, that did not catch as much media attention as the budget negotiations. One accomplishment in particular – while it may seem like a technicality – constitutes an important step towards greater effectiveness of the EU's security and defence policy. After more than two years of difficult negotiations, the German presidency facilitated consensus among the member states regarding the participation of third countries in Permanent Structured Cooperation (PESCO) projects (there are currently 47 of them). The agreement allows non-EU countries to join military projects developed within the framework of PESCO when they bring substantial added value to the endeavors, and when the European Council approves their participation. Further, the joining country must not contravene the security and defence interests of the Union and it has to share EU's values. This stipulation casts doubts on the participation of countries such as Turkey.

In the light of Brexit, the achieved agreement offers a possibility for the United Kingdom to stay involved in European security and to continue security cooperation with the EU and its member states. Furthermore, the agreement strengthens EU and NATO cooperation. In the last few decades, members of the Alliance frequently joined military and civilian operations launched within the Common Security and Defence Policy (CSDP) as third countries, amplifying the credibility of the Union as a security provider. Finding a solution that would make the involvement of the United States in the EU's security and defence projects possible is of particular importance for the Central and Eastern European countries that deeply value the transatlantic partnership in the field of security.

# ROMANIA

## EVALUATING THE GERMAN EU COUNCIL PRESIDENCY FROM THE CEE PERSPECTIVE – A REVIEW FROM ROMANIA

BY IONELA MARIA CIOLAN

Occurring during the ongoing COVID-19 pandemic, where the EU remains in lockdown and faces an impending economic crisis, the German-led EU Council presidency succeeded in the agreements for the Multiannual Financial Framework (1.8 trillion euro) and the Next Generation EU recovery funds (750 billion euro), a better EU coordination in tackling the pandemic, negotiating a Brexit deal, and the pledge to decrease 55% EU's greenhouse gas emissions by 2030.

Nevertheless, when analysing the results of Berlin's Council presidency, there were shortcomings. It missed the opportunity to advance the enlargement process, to have a stronger reaction towards Belarus, to be a peace broker in the Nagorno-Karabakh conflict, and to be more assertive towards Russia and Turkey. As such, Berlin lacked the drive to project EU as a global actor.

Two items on the presidency's agenda have the potential to deteriorate the unity and consensus of member states: the clause regarding rule of law added to the disbursement of the EU funds, and the EU-China trade deal. The review of the rule of law initiative was welcomed by mostly all member states (exception Hungary and Poland) but clearly needs more clarification (as requested by Romania).

The EU-China trade deal, which Chancellor Angela Merkel personally pursued, is highly controversial. If geopolitically, this is a win for China, economically this a win for Western Europeans, especially for Germany who is the most export-dependent on China. As for the CEE countries (with the exception of Bulgaria), the exports to the United States are more substantial than to China. This trade deal might weaken the future revitalization of the transatlantic relations and deepen the internal divergencies among the EU member states. For example, Germany failed to propose an EU common stance on Chinese 5G networks, where different member states have conflicting responses (Romania and Poland are aligning with the US on this matter).

## THE RIGHT PRESIDENCY FOR EXCEPTIONAL TIMES

BY MIHAI SEBE

Germany's Council Presidency was the right presidency for the crisis brought on by COVID-19. One of the main topics on the presidency agenda was drafting out a common and cohesive response to the pandemic. The actions in response to the pandemic were met with optimism as the EU prepared extensively in the past six months for the ongoing vaccination campaign. Germany's efforts in creating a unitary framework were duly acknowledged as Romania welcomed the special focus on improving the resilience of EU health systems, something Romania has also advocated for.

Romania proclaimed its support for the German presidency in enhancing the ideal of European unity. The presidency motto, 'Together for Europe's recovery', was viewed as an answer to the ongoing crisis – solidarity is the solution to Europe's problems. It sent the right message and summed up, from a Romanian perspective, what Germany's presidency needed to provide: unity, cohesion, solidarity, and consensual solutions.

The negotiations over the next MFF and the recovery fund are also seen as clear evidence of European solidarity and unity. Romania was constantly supporting the need to finalise the negotiations fast and with the necessary addition of the rule of law conditionality.

The last-minute deal with Great Britain and the settlement of the future EU-UK relations were essential as a large Romanian community lives in the UK. A No-deal or 'hard Brexit' would have generated many challenges.

Regarding the foreign affairs, the intense diplomatic efforts to de-escalate the tensions in the Eastern Mediterranean were appreciated, although in other matters, more was expected (e.g. in the realm of the EU-Turkey dialogue and the Western Balkans). Further, the continued support for the states of the Eastern Partnership by facilitating their access to COVID-19 vaccines, a measure that will implicitly increase the health safety inside the EU, continues to be an expectation.

A snapshot of this presidency points to the fact that acting in unity, harmony, and solidarity alongside a fruitful dialogue remain crucial in finding common solutions to the challenges of the current pandemic and beyond. A strong and united Europe is essential.

\*The opinions expressed are those of the author only and should not be considered as representative of the European Institute of Romania's official position.

## **SLOVAKIA**

### **SAFE PAIR OF HANDS**

#### **BY RADOVAN GEIST**

At the end of 2005, the European Union was going through the usual wangling over the multi-year budget. Net contributors were pushing for decreased spending, net receivers were arguing for solidarity, and the beneficiaries of the rebate system were defending their cashbacks.

However, that time was slightly different. The 2007-2014 budget was the first created for an enlarged Union of 25 (27) members. With the end-of-year deadline for budget negotiations getting close, the impasse was solved mainly thanks to Germany's agreement to cross some of its red lines. The decisive December summit was a European debut for the new Chancellor, Angela Merkel.

Fast forward fifteen years. The EU was facing (once again) a series of crises. The hard-fought MFF and recovery package were blocked by Hungary and Poland. COVID-19 pandemics was testing the European solidarity. The blocked post-Brexit trade pact negotiations were threatening the fragile European economy.

The German presidency did not manage to succeed in all priorities (most notably the migration and asylum policy), and some were questionable (investment deal with China). But it was instrumental in steering the Union through an extremely difficult period.

Some of the current European problems were co-caused by the positions of Angela Merkel's governments, or their unwillingness to mend structural deficiencies of the European architecture. German positions in the Eurozone crisis weakened the resilience of the economies and societies of the EU's South, as well as the European cooperation. The unwillingness to face Viktor Orban helped entrench illiberal tendencies. Despite this, Angela Merkel leaves a constructive, pro-integrationist legacy in European politics.

Given the scale of the crises that we are facing, it was good that the EU Council presidency was left in a safe pair of hands.

## **SLOVENIA**

### **RESERVED HEGEMON REINFORCES CENTRIST POLITICS**

#### **BY MARKO LOVEC**

Germany is being attributed credit for the proposal on the new MFF and the recovery fund, changing some of its past positions related to fiscal sharing, and co-sponsoring an initiative with France that later became a basis for the proposal presented by the European Commission. The proposal was a compromise, as the MFF is used as a tool to raise additional money. While it could lead to budget reductions in the future, it is also a historic introduction of new budgetary sources. The format enabled for July's Council agreement that changed the perception of the EU as absent in the COVID-19 crisis and helped pro-EU centrist parties to gain grounds vis-a-vis Eurosceptics. Still, to get an agreement among member states, some strong concessions were made, leaving room for veto challenges.

One such instance was the rule of law conditionality developments towards the end of 2020. The European Parliament undertook the politicisation of the illiberal developments in Central Europe, leading to a veto, related to the recovery fund from Hungary and Poland. This was a serious challenge for the German presidency as it was trying to avoid any dead-end streets within a narrow time frame. After some "arm twisting" Hungary and Poland backed down with additional assurances that should give the leadership in Poland and Hungary some manoeuvring space.

## **A UNIFYING PRESIDENCY AMID AN UNPRECEDENTED CRISIS**

Domestic pressures on the Polish government and silence from the Czech Republic and Slovakia signalled possible isolation of Budapest. The Slovenian Prime Minister Janez Jansa, a close ally of Viktor Orban, wrote a public letter in defence of the veto's arguments. He then presented it at home, framed as urging for compromise to prevent a greater catastrophe and as a favour to the German presidency. In the end, Germany allowed everyone to "save face," disarming polarising tendencies through a non-assertive approach and maintaining its credibility as a pro-integrationist median player.

Meanwhile, neither the frugal four/five nor the Central European 5—both newer regional/thematic blocks—managed to achieve a contender status to the Paris-Berlin axis in the post-Brexit geometry. Partly due to the successful last-minute Brexit trade deal, where not much will change for the EU, but the UK will be left out in the open on financial services and many other issues.

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