

Presidency as Leadership? Assessing the EU Presidency through the 2005 UK EU Presidency

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The Presidency of the Council of the European Union

Presidencies play an important role in the EU and a dysfunctional Presidency has a significant impact on its effectiveness. Although the member state holding the six-month rotating Presidency has few formal powers with which to directly influence the agenda, it is the conductor of the EU's business and plays a key role in advancing the EU policy agenda during its term of office. The formal responsibilities of the EU Presidency are to act as chair for Heads of State and Government, ministerial and other committee and working group meetings, to represent the Council of Ministers to the European Parliament and the European Commission and to act as EU representative *vis-à-vis* third countries and within international organizations. Consequently the Presidency is essentially a cheerleader for a well-established programme, rather than a powerful executive position.

The EU's founding Treaties have little to say in defining the role of the Presidency. The Treaty of Rome articles 203-204 and the Treaty on European Union article 48 detail the anticipated role for the Presidency.¹ More detailed guidance is provided by for Presidencies by the Council secretariat handbook. The formal responsibilities of the Presidency are chairing European Council, Council of Ministers meetings and working groups; representing the Council before the Commission and the European Parliament; – requires a good working relationship with both these institutions and the Council Secretariat; and acting as the EU representative *vis-à-vis* third states and international organisations.² There is a broad consensus among academic analysts of EU Presidencies that any presidency faces a number of constraints: A *logistical constraint*. The burden of European Council, formal and informal Ministerial meetings and working group meetings is significant. Add to this all the EU-third party summits and political dialogue commitments and it is a significant burden to address. A *Limited agenda setting capability constraint*. A Presidency – works within the Multiannual Strategic Plan of the Council covering 2004-2006 covering six Presidencies (the Irish, Netherlands, Luxembourg, UK, Austria, Finland) and the UK is also working

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within the Operational Programme for 2005 which is a joint Luxembourg-UK Presidency Programme. The *Intrusion of unexpected events constraint*. Second Semester Presidencies additionally face a time constraint as a (short) Presidency – second semester means the loss of the month of August for business.

The academic literature providing the basis to evaluate Presidencies is somewhat thin. Bjurulf, Elgström, Tallberg (1999) divide the existing literature into three major categories: First, there is a limited number of studies that are directly devoted to the Presidency (Edwards and Wallace 1977, de Bassompierre 1988, Kirchner 1992, Svensson 1998). Second, there are chapters on the Presidency in books describing and analyzing the Council of Ministers (Westlake 1995, Hayes-Renshaw and Wallace 1997, Sherrington 1999). And third, there is a rather voluminous body of articles and conference reports on the experiences of particular holders of the Presidency (e.g., Kirchner and Tsagkari 1993, Ludlow 1998, Luther and Ogilvie 1998). As they note the characteristic of all this literature is its mainly descriptive focus. The empirical literature is typically void of broader, comparative analyses, with the exception of Kirchner (1992) and Wurzel (1996).

In general, the literature puts relatively large emphasis on assessing, in empirical terms, the degree of influence and the effectiveness of individual Presidencies and of the institution as such. The possible differences between larger and smaller member states are noted, but no thorough analysis has been carried out. A strong point of the existing literature is, however, its clarification of the various functions of the Presidency. There seems to be relatively broad agreement that the main tasks include (1) management and administration, (2) mediation, (3) leadership, (4) contact point within the EU, (5) external representation, and (6) promoter of national interests (see Wallace 1985, Kirchner 1992, Pijpers 1992, Schout 1998, and Svensson 1998). This points to the important distinction between managerial tasks and agenda-setting powers.

I would add a fourth category, the systematic comparative which for short-hand, I will call the Lund School. This encompasses the work of scholars based at the University of Lund in Sweden. What the Lund School does is to take the existing literature on roles and apply this to the Presidency – on in their own words take was is “Implicit in existing, empirical accounts of the Presidency is the notion that member states take on different roles when they assume the office of the Presidency.” Two of the most interesting pieces of work to come out of the Lund School has been the comparative work led by Elgstom and the work on the Presidency as a negotiations broker. The work of Tallberg is extremely interesting in examining the power that the Presidency has in brokering negotiations.

The Presidency in action: the UK 2005 EU Presidency

The UK Presidency commenced on 1 July against the backdrop of ‘no’ votes in France and the Netherlands on the EU Constitutional Treaty and an acrimonious summit under the Luxembourg Presidency in mid-June which failed to reach a deal on the EU budget. For many commentators the EU was in deep crisis. The Commission President had publicly stated that this Presidency would be evaluated primarily on its ability to reach an agreement on the future financing of the EU by the end of its tenure. The issue was unresolved as the Council meeting opened and the success or failure of the Presidency seemed to hang in the balance.

Almost six months earlier, in an inspirational speech to the European Parliament on 23 June, Prime Minister Tony Blair had performed a remarkable exercise in (briefly) boosting morale and raising expectations that the UK was to initiate a far-reaching debate on the future of European integration. That the speech, which was universally praised across Europe, had not been systematically followed up by the UK government was a source of disappointment for other EU member state governments. A number of commentators disparaged the UK's EU Presidency for failing to address the fundamental disagreements at the heart of the European project. The successful conclusion of budget negotiations would prove yet another stop-gap measure delaying much needed reform of the budgetary system.

A more detailed examination of the UK EU Presidency showed that the UK actually fulfilled a substantial part of its intended programme. Regrettably for the UK government, the EU budget issue overshadowed other achievements. The paradox was that reaching an agreement on the EU financing arrangements for 2007-13 was not on the UK Presidency's original agenda; rather, it was unfinished business inherited from the preceding Luxembourg Presidency. In fact, controversies experienced by the Presiding member state often highlight a deeper failure of institutional design, exposing the Presidency's impotency, rather than a failure by a member state to fulfil the terms of office.

Effective Presidencies resolve differences between member states and broker deals to resolve disagreements. As successful EU Presidencies seek to be a part of a solution to problems rather than at the centre of the EU's disputes, it was unfortunate for the UK to have found itself so central to disagreement on the EU's future finances. For many EU member states the UK was part of the problem, rather than part of the solution, in reaching an agreement on the EU budget.

A more general evaluation of the effectiveness of the UK Presidency is not an easy task. *The Economist* recently suggested that it is not even particularly useful, declaring that 'one of the more pointless Brussels parlour games is to tot up the achievements of whichever country holds the Presidency'.³ However, it is possible to assess the UK Presidency's achievements on the basis of the programme of work that it set for itself in advance of the Presidency.

The work programme for the UK's six-month Presidency was a part of the Multi-annual Strategic Programme for the period 2004-6, designed for the Irish, Dutch, Luxembourg, UK, Austrian and Finnish Presidencies. Multi-annual Presidency work programmes are agreed because, at best, a Presidency can only start, move forward or conclude the EU's agenda. Six months is too short a period in office to see policy or legislation fully devised or implemented. A more detailed Operational Programme of the Council for 2005, which fleshed out the timetable for implementing this strategy, is submitted jointly by both member states holding the Presidency in any given year. In this case, the operational programme was submitted by Luxembourg and the UK. Importantly, the member state at the helm also faces the challenge of managing the EU's response to external events and unexpected developments within the EU. The UK was faced with both the domestic challenge of the London bombings on 7 July and the German general election in September, with the subsequent prolonged process ensuring that Germany was preoccupied with building a coalition government.

The UK government was also in the unusual position of holding the G-8 Presidency alongside its EU Presidency (its sixth EU Presidency, and its second under the Blair government). There was, however, little real linkage between these two Presidencies because of the very different nature of the decision-making processes in the two organizations. The

G-8 Presidency provided an opportunity to focus on the big themes of Third World poverty and climate change, and to work for progress in these key areas with some of the most internationally significant states. The EU Presidency was much less glamorous; it required working in a much more circumscribed manner in a more complicated set of institutional arrangements and with more limited objectives. The UK has tended to treat the G-8 Presidency as something to be celebrated; and the EU Presidency as something to be endured.

Progress under the UK Presidency

It is important to distinguish between a good Presidency for the EU and a good Presidency for the government of the member state holding the Presidency. These factors are not always mutually exclusive, but they rarely run parallel. Other EU member state governments judged the UK on whether it had the capacity to reach a deal on the EU budget. The British government seemed to measure its success on this issue by its ability to reach a settlement that preserved the UK EU budget rebate to a degree that minimised domestic political difficulties. The UK government would originally have been facing a referendum on the EU Constitutional Treaty in spring 2006 and the EU Presidency would have provided a platform to prepare the electorate for the referendum. The government's decision to suspend the UK's ratification process, and the subsequent agreement of EU governments to defer discussions on the EU constitutional treaty with a 'period of reflection' until 2006, defused to a degree the domestic pressure on the Presidency agenda. However, the UK government has failed to capitalize on the Prime Minister's speech to the European Parliament on 23 June calling for the EU to examine how it could engage the interests and enthusiasms of its citizens. Other EU governments expected the UK government to follow up with a plan for a programme of action and in not doing so the Presidency failed to capitalize on an opportunity to influence the structure of the debate. This was a significant failure.

The UK Presidency has, however, generally been a success in handling its role in chairing the ministerial, committee and working group meetings of the EU. This role represents a significant logistical and organizational challenge for the Presidency and there were no criticisms of the UK's handling of this burden or its role in acting as the EU's representative in dialogue and summits with third countries. An exception to this efficient operation related to the logistics for the informal foreign ministers' meeting held in the UK in September. These provoked complaints and resulted in an apology from the Presidency.

Complaints of a different nature were directed towards the UK Presidency with regard to the agenda for the informal summit of Heads of State and Government at Hampton Court on 27 October. As the Slovakian Prime Minister, Mikulas Dzurinda, complained in advance of the summit: 'Silence reigns. We do not have information. We lack information, especially from the presiding country.' The Presidency's efforts to extend the olive branch to the French government by supporting the global adjustment initiative at the Hampton Court summit were shot down by clear signals that the new German government was unwilling to bankroll any new initiative when savings needed to be made elsewhere in the budget.⁴ Although the UK Presidency successfully delivered Turkish accession and a budget deal, the manner in which they have

been achieved will do little to warm the relationship between the UK and the rest of the EU in 2006. For many new member states the Hampton Court meeting was an exercise in Presidential filibustering, with the UK playing for time on the budget issue that other member states felt was of the most pressing concern. There was, however, an important new initiative at the summit with Prime Minister Blair calling for an EU energy security policy. The successful development of such a policy will fall to future EU Presidencies.

The UK Presidency has managed to maintain a united EU front in terms of foreign policy. There have been significant foreign policy challenges during its term of office and these have been handled in a manner which has led to divisions between the EU member states. These include difficulties confronting EU nuclear diplomacy with Iran since the election of President Mahmoud Ahmadinejad, maintaining good relations with China while negotiating the voluntary export restraints to limit the impact of Chinese textile and shoe imports; the earthquake in Pakistan; and responding to a growing fear of a flu pandemic created by the spread of HN51. Furthermore, renewed complications in the relationship with the US following allegations of CIA interrogation centres on European soil were effectively handled: a collective EU request to the US government for clarification was a successful exercise in forging a common response.

The UK government set out its own expectations for its Presidency in its White Paper of 23 June 2005, *Priorities for the UK Presidency of the Council*. This organized the UK's aspirations under three headings: economic reform and social justice, security and stability, and Europe's role in the world. A final paragraph pledges to 'take forward the discussions on future financing'. A second White Paper *Prospects for the EU in 2005: The UK Presidency of the European Union*, published on 30 June 2005, confirmed these priorities. The success of the Presidency will be assessed under each of these headings. The appendix to this paper details objectives set by the Presidency and offers a colour-coded analysis of the extent to which the Presidency has achieved its objectives.

Economic reform and social justice

In conjunction with the Barroso-led European Commission, the UK wanted to place an emphasis on resurrecting the Lisbon Agenda during its Presidency. A key litmus test of this achievement would be progress made in the field of Better Regulation, particularly planned reforms of chemical regulation (REACH), as well as development of the Financial Services Action Plan and the Services Directive. On Better Regulation on 25 October 2005, the Commission adopted a Communication calling for the implementation of a three year programme to simplify 222 basic legislations and 1,400 acts. The French government and the European Parliament's rapporteur were both extremely critical of a Commission plan to withdraw 68 legislative proposals from the inter-institutional circuit, particularly those relating to the regulation of heavy goods vehicles. The vagueness of the conclusions of the Competitiveness Council, held on 28 and 29 November, suggests that the Presidency failed to allay these concerns.

More substantial success was achieved with the progress made on REACH. Negotiations on the most appropriate way to synthesize Chemical Regulation into one legal structure had been ongoing for a number of years. When the

Commission launched the REACH proposals in October 2003, Denmark, Finland France, Germany and Sweden all raised concerns that the simpler legislation could have a detrimental effect on public health and the environment. The UK, whose thinking is more in line with that of the Commission, put discussion of REACH high on the agenda of both the Competitiveness Council and Environment Council. At the Competitiveness Council on 11 November, the UK tabled a compromise position that placated all member states with the exception of France. The compromise established by the main rapporteur, Gaudi Sacconi (PES, Italy), and Harmut Nassauer (EPP-ED, Germany) in the EP saw REACH pass its first reading on 17 November. REACH was once again on the agenda to be discussed at the Competitiveness Council on 28 and 29 November. The UK Presidency had planned a vote on REACH at the 28-29 November Competitiveness Council, but instead allowed Ministers further discussion to allow the recently formed German and Polish Governments to finalise their positions. At a Special Meeting of the Competitiveness Council called on the 13 December 2005, the twenty five Member States reached an agreement on REACH, which paves the way for other Presidencies to entice EP toward a joint agreement during 2006.

There were also a number of developments relating to the liberalization and integration of service markets. Substantial progress was made towards agreement on the Financial Services Action Plan (FSAP). The Commission Green Paper on Financial Services Policy 2005-10, which outlined an agenda for reform of the services sector, was adopted with little controversy. The Commission requested comments on the first part of the FSAP and the Council is currently awaiting the White Paper on Financial Services Policy The Commissions White Paper, issued on 5 December 2005, differed little from the original Green Paper. The Services Directive also passed an important hurdle. The European Parliament's Internal Market Committee put an end to months of acrimony when it voted through the Services Directive on 22 November. A coalition of centre-right, liberal and East European MEPs managed to vote through a version of the directive that was more in line with British thinking than that of the German, PES rapporteur, Evelyn Gebhardt. The committee maintained the 'country of origin' principle despite Gebhardt's efforts to replace it with a 'mutual recognition' principle to protect wages from competition. The directive moved to its first reading at a plenary session of the European Parliament on 15th February 2006. Both these events were good news for the Presidency's agenda and provided positive news coverage for the British government but the direct role of the UK Presidency in these developments was minimal.

As external representative of the EU, the UK Presidency has had an even more tangible success with the progress made towards liberalization of the US-EU aviation market. At the end of a week-long conference in Washington at the end of November, the efforts of Jacques Barrot and Daniel Calleja Crespo, as representatives of the Commission, and Alistair Darling, as President of the Transport Council, bore fruit. The text of the first ever aviation treaty between the US and EU was agreed and linked to a US proposal to ease its interpretation of legislation that limits foreign investors to a 25% voting stake, and a 49% equity stake, in US airlines. The proposal is still undergoing review. The so-called 'open skies' deal was on the agenda of the 5 December Council, but full political backing is unlikely to be agreed until the US presents a definitive programme on liberalization in March 2006. These aviation talks were particularly difficult for the UK because of the desire for American airlines to have full access to Europe's busiest airport, Heathrow. Given that British Airways is a global carrier, the UK had to balance a wish to safeguard a strong national position within the negotiations with the impartial role of the Presidency.

The influence of the UK Presidency was clearer still in the stalling of discussions on the Working Time Directive. This represents a victory of British interests over those of the EU as a whole. When the Commission tabled a proposal under the Luxembourg Presidency to change the opt-out clause available to member states within the directive, the UK led a minority of governments who blocked its progress at the June Council. The operational programme for the year commits the Presidency progress the issue further, but explicit discussion of the directive was noticeably absent from the agenda of Employment, Social Policy, Health and Consumer Affairs Councils or Competitiveness Councils during the UK's tenure. The Presidency tabled a compromise position at the ESPHCA Council on the 8th December, but it was rejected by fifteen of the member states. The lack of progress on the Working Time Directive can be viewed as a short-term 'success' for the UK government, but succeeding Presidencies will be forced return to the issue.

Security and stability

The aims of the UK Presidency in this area were divided into three further sub-sections: counter-terrorism, people-trafficking and enlargement. One headline achievement for the UK Presidency was therefore in this field: the opening of accession negotiations with Turkey on 3 October. Yet there have been other achievements here too. In terms of counter-terrorism, the agreement and implementation of the June 2005 Hague Programme continued, if not at a pace in line within the Council dossier on the EU's response to the London bombings, adopted on 13 July. The Presidency has achieved success in areas not quite specifically related to counter-terrorism – for example, the draft European Payment Order was approved at the Justice and Home Affairs (JHA) Council on 2 December. The Presidency had hoped for an agreement on a harmonized counter-terrorism strategy to be reached ahead of the European Council on 15 December, but a large number of ministers had their mandate challenged by domestic legislatures. The 2 December Council did make progress on the European Refugee Fund to help protect refugees 'at source'. The JHA Council endorsed a Spanish proposal brought forward at the Hampton Court summit to release €400 million from the European Neighbourhood Policy to finance the plan.

The predominant efforts of the UK Presidency were focused successfully on efforts to reach an agreement to harmonize the retention of telecommunications, email and internet data in all member states for up to two years. Germany, Greece, Italy, Portugal and Slovakia have all raised concerns about the implications for civil liberties and the cost if this legislation is applied to all crimes. Through adroit chairing the Presidency reached agreement, via qualified majority voting, for a directive. In spite of this, the Civil Liberties Committee of the European Parliament agreed to a different version of the proposal, voting to limit retention to only 12 months and to force member states to reimburse industry for any storage costs incurred. Significant divisions remained open ahead of the European Parliament's vote on the issue at the plenary meeting scheduled for the 14 December. The Council threatened to adopt a more far-reaching framework decision if the EP failed to adopt the directive at the first reading and the Presidency put immense pressure on the EPP/DE and PES groupings in the three weeks preceding the vote.⁵ The EP eventually adopted the draft directive by 378 votes to 197. It is still possible that the legal base upon which it was agreed may be subject to challenge in the European Court of Justice.

In terms of its objectives with regard to enlargement, the opening of negotiations with Turkey was indeed a considerable achievement. The Presidency faced considerable obstacles to achieving this goal. Public opposition to the Constitution in the Netherlands and France had been linked in part to fears that further enlargement would depress wages. In Germany, the Chancellor-in-waiting, Angela Merkel, espoused a 'privileged partnership' instead of full membership for Turkey.⁶ The Austrian government threatened to veto any attempt to open accession negotiations in the General Affairs Council. The position of the Presidency was helped by two events. The German elections did not present Angela Merkel with as clear a mandate as expected and, distracted by the need to build a grand coalition, the CDU was not represented at the General Affairs Council (GAC) in Luxembourg. It was also precipitate that Carla Del Ponte, chief prosecutor with the UN war crimes tribunal, had reported on 3 October that Croatia had fully cooperated with the ICTY over General Gotovina. This enabled the UK to simultaneously open accession negotiations with Croatia, considerably placating Austrian opposition to Turkish membership. The amount of politicking involved in this decision was well demonstrated by the decision of Croatia's Catholic Christian Democrat Government to pay reparations to ethnic Germans expelled from Croatia at the end of the Second World War, a decision roundly attacked by Croatia's President, Stipe Mesic.⁷ Fortunately the decision to open negotiations with Croatia does not appear to have undermined the EU's transformative power in the region. On 7 December Gotovina was detained in Tenerife. Stabilization and Association Agreements (SAA) were opened with Serbia and Montenegro, as well as with Bosnia and Herzegovina (BiH). On 4 October, the refusal to open a SAA with BiH until much-needed police reform had begun saw the Police Reform bill forced through the Parliament of Republica Srpska on 6 October. The parliament of the predominantly Serb entity in BiH had previously rejected the bill twice.

In this respect it was 'mission accomplished' for the UK Presidency, but the manner in which the Presidency handled negotiations on Turkish accession had the potential to damage the relationship between the UK and its European partners. Negative reactions from a number of foreign ministries in the established member states seem to suggest that a crisis could have been avoided had the UK laid the ground work of consultation more thoroughly leading up to the GAC on 3 October. The representatives of the Central and Eastern European Countries were also incensed by the fact that they were consulted only after a deal had been agreed with Ankara. This does not appear to have been the result of incompetence on the part of the British government, but rather a choice to focus political energy and effort on dealing with Austria as the recalcitrant member state obstructing the formal decision. Even if the methods used by the Presidency were criticized, the resulting agreement to open accession negotiations was welcomed by member states.

Europe's role in the world

Europe's foreign policy has remained cohesive during the UK's Presidency. The EU maintained a united front with regard to Iran. This was made easier by President Mahmoud Ahmadinejad's call on 26 October for Israel to be wiped off the face of the earth, which received a clear rebuke from Tony Blair as President of the European Union, and a still harsher

one from him as Prime Minister of the United Kingdom. The EU3 (Britain, France and Germany) persevered with an offer to renew talks with Iran, if the Iranian government accepted an offer to place its nuclear energy programme under Russian control. For its part, the EU agreed at the 16 December European Council on the need to keep the EU's diplomatic options under close review and to continue to calibrate the EU's approach in light of Iranian declarations and actions. Although ultimately unsuccessful, the Presidency and the EU3 played an admirable part in forging a deal that was plausibly acceptable to the UN Security Council (plus Germany), if not to a defiant Iranian regime.

Elsewhere the EU's international involvement grew at a steady pace in the second half of 2005. In September 2005, the European Union launched the first ESDP (European Security and Defence Policy) operation outside Europe and Africa, the monitoring mission in Aceh (Indonesia), in conjunction with contributions from Norway, Switzerland and a number of ASEAN countries. It agreed a deal at the JHA Council on 12 October, which concluded five years of negotiations with Russia on the granting of visas and readmission of illegal residents. On 15 November the Council adopted a joint action that officially launches the EU Police Mission in the Palestinian territories (EUPOL-COPPS) as of 1 January 2006. The EU's involvement in Iraq did not grow at as fast a pace as the UK Presidency might have liked. Negotiations on a Third Country Agreement to increase political and trade cooperation were not initiated during the UK's tenure. Neither was a Commission Delegation Office opened on Iraqi soil. Nonetheless, the EU Political Directors did initiate a dialogue with Baghdad on 24 October and, by the beginning of December the Commission had circulated a draft Negotiating Mandate for a Third Country Agreement with Iraq. Progress was made towards the opening of a Commission Delegation Office at the GAC on 7 November and a decision was taken to extend EUJUST LEX (the Rule of Law Mission for Baghdad). In its representation of the EU at major summits with third countries, the UK was a model Presidency.

The UK was not able to use the opportunity of its parallel chairmanship of the G8 to promote a European response to two issues high on the public agenda in the second half of 2005: climate change and Third World poverty. The June White Paper appeared to suggest that the UK wanted to ensure the EU led the discussion on climate change at the Montreal Conference from 28 November to 9 December. Yet, the European approach to climate change appeared to undergo a transformation in the same period that the UK held the Presidency. The second European Climate Change Programme, launched by the Commission on the 24th October, gave much greater credence to technology led solutions than its predecessor. The UK Presidency also welcomed the idea of a technology-led approach as an appropriate way to tackle problems created by US obstinacy and the rapid development of China and India.

As a result, the UK Presidency returned from Montreal with a deal better than might have been expected when it assumed the Presidency of the EU. The conference successfully agreed to establish a working group that will determine emission targets for the period 2013-17, once Kyoto has expired in 2012. This was an objective of the Government's Whitepaper of the 30th June. It remains to be seen whether the working group can be used to agree reduction pathways in the order of 15-30% for developed countries, as the Council had hoped, when it meets in May 2006. The UK also dedicated considerable time and effort to ensuring that the US were re-engaged at Montreal. These efforts bore fruit on Saturday 10th December when the US government, under increased pressure at home, agreed to sign a revised version of a statement calling for cooperation on climate change.

Sources within the Foreign Office maintain that this outcome would not have been possible without the consistent elevation of the issue of climate change to the top of the agenda during its Presidency of both institutions, as well as the inclusion of China and India within the discussions at the G8 summit. This move enabled the UK's EU Presidency to build upon an unheralded level of trust on climate change during its External Summits with India and China. Subsequently it was capable of further taking forward initiatives such as the Commission's plans for technology exchange with China on near-zero emissions Coal. Shifts in the positions of the two most significant emerging economies in the world, put undeniable pressure on the US administration. The Montreal Climate Change conference had secured the issue of climate change a place on the international agenda. It was perhaps fortuitous that the Presidency of the G8 fell to a member of the EU, but the ability of the UK's EU Presidency to include the interests of external parties within the European perspective and forge a realistic approach to the issue was admirable. To argue that the Presidency put emphasis on both these aspects as part of some pre-ordained strategy rather undermines the very impetus that the UK's Presidency brought to the international debate.

On Third World poverty, there was something of a disconnect between the UK's G8 agenda and the policies pursued during its Presidency. In the June White Paper, the UK Presidency stated that it aimed to agree a new long-term strategy on EU-African relations at the December European Council. Unfortunately, the negotiations became embroiled in the wider debate over the future financing of the EU budget. At the informal African Development summit in Leeds, the UK, Luxembourg, Sweden, Denmark and the Netherlands all expressed concerns about the proposal tabled by the Commission for a joint development strategy on Africa. The UK's major concern was that the strategy should be financed by mechanisms outside the EU budget, so that it did not get embroiled in the protracted dispute over the financial perspective for 2007-13. As it was the budget negotiations dominated the run up to the December Council and the complications they created for progress in this field became yet another stick with which to beat the Presidency while it remained silent with regard to budget proposals.

The EU did not present a deal that came anywhere close to meeting the Doha Development Agenda for the ministerial meeting of the WTO in Hong Kong from 13 to 18 December. One major stumbling block was overcome with the conclusion of an agreement on reform of the EU's sugar regime. The conclusions of the Agriculture Council on the 24 November accepted a deal that cut the EU sugar price by 36 per cent over four years. Unfortunately, the deal that the Presidency has coaxed out of the major players fell short of the 39 per cent reduction over two years originally envisaged in the June council proposals. The ACP producers, those third-country producers who currently benefit from fixed pricing within the EU, have deplored the compensation they have been offered: €60m is scheduled to be paid to ACP countries in 2006. This deal does not match the Presidency's original objectives, but the ability to reach an agreement did put the EU in a moderately better negotiating position ahead of the WTO meeting in Hong Kong.

Despite this, the EU and other major players are still bogged down in the other parts of the quagmire surrounding agricultural reform. The EU did agree to eliminate export subsidies by 2013. To argue that Hong Kong represented a great shift in the debate would be wrong; to argue that it was a success would be considerable hyperbole. The UK Presidency, for its part, successfully managed to uphold the mandate of Commissioners Peter Mandelson and Mariann Fischer Boel

to negotiate on behalf of the EU, despite consistent challenges from the French government. The French agriculture minister, Dominique Bussereau, maintained in public statements that Mandelson's offer to cut customs duties by 24.5 per cent on imported agricultural produce far exceeded his mandate. At the Special GAERC on the 13-18 December in Hong Kong, it was emphasised that:

"The Council expressed at the various stages of the negotiations its full support for the approach and line of action of the Commission."⁸

Despite considerable efforts the Presidency was impotent to enhance the prospects of the EU being able offer anything that overcame the current obstacles to the conclusion of the Doha Round. On the 26 October, the EU made an offer on a 70% reduction in agricultural subsidies and an average cut of 38.9% in agricultural tariffs. APEC (Asia Pacific Economic Cooperation) and the Cairns group have published statements suggesting that they will block progress in any other area, if further concessions are not made on agriculture. The British government would have undoubtedly liked to have gone further, but its inability to drive the debate sufficiently forward underlines the lack of power inherent in the rotating-Presidency. Fundamentally, it underlines the absence of any institutional mechanism by which major ideological questions can be settled at the European-level and provide a mandate through which policy can be driven forward accordingly.

Future financing

The problems experienced by the UK Presidency were accentuated by the fact that discussions of agricultural reform led back to two things: the British abatement and the British government's overt ideological commitment to a particular model of economic reform. This was most clear in the dispute over future financing of the EU budget in the financial perspective 2007-13. The British government would have probably liked to postpone discussion of this issue during its Presidency, in much the same way that the 'period of reflection' agreed at the June summit saved it from leading discussions on the future of the EU constitution. Other member states and the European Commission did not allow the issue to fall off the Presidency's agenda. The UK strategy appeared to have two clear strands. First, the UK Presidency continually linked reform of the UK rebate to reform of the Common Agricultural Policy (CAP), as a distorting element of the EU budget. Second, it has adopted the same delaying tactics used to force an agreement on Turkey. The UK did not present detailed proposals on the budget to EU member state governments until 5 December, only ten days before the European Council meeting. The thrust of the proposals attempted to reduce the burden on the current net contributors to the budget by cutting the €160m regional aid planned for the Central and East European member states 'by no more than 10 per cent'.⁹ This reduction was justified on the basis that the East European member states had thus far failed to absorb a substantial amount of aid within the two-year time limit for spending it. The reduction would be linked to an

extension of the time limit in which the East European states are allowed to spend aid, as well as a 2009 review of spending, including the CAP. A key point of the UK proposals was that they have decoupled the CAP reform from any alteration to the UK's rebate. This was done by presenting changes to the rebate as being driven by the UK's willingness to relinquish a proportion of it in order not to disadvantage the new member states and to make an appropriate contribution to eastern enlargement.

The UK proposals were not received warmly and the prospects of a deal on the budget were not auspicious. President Barroso likened the approach to that of the Sheriff of Nottingham, robbing the poor to pay the rich.¹⁰ There was a long-standing feeling in Brussels that the British insistence on linking reform of the rebate to the CAP came too late. In 2002, Tony Blair agreed to a set of CAP reforms set for review in 2013, and the UK's persistence in maintaining the rebate at all other junctures risked undermining attempts to secure a deal that would have ensured a mid-term review of CAP reform prior to 2013. The real failure of the British Government on the EU budget negotiations up to this point was that the UK had not actively advanced the case for a thorough review of all aspects of the EU's expenditure and financing over the last few years, but instead maintained its position that the UK EU budget rebate was non-negotiable.

Still, after fraught negotiations, the UK successfully secured a mid-term review of spending in 2008 at the European Council on the 15-16 December. The UK in its role as President successfully secured a new budget that was announced on the 17th December. The budget deal set total expenditure at 1.045% of the EU's GNI (€862.3 bn). The deal reduced expenditure by pairing a €10.5 bn reduction to the British rebate over seven years with a €16bn reduction of aid to Eastern Europe.

The UK Presidency successfully secured a deal between Member States, but the saga will run well into the Austrian Presidency with the potential for the deal to falter at the inter-institutional level. 541 MEPs voted to reject the deal at a plenary on the 19th January 2006, with only 56 being in favour and 71 abstaining. MEPs were particularly upset that the deal fell far short of the €974,837 bn requested by the EP in June 2005. They also took umbrage that the EP appeared to have been written out of the mid-term review of spending.¹¹ The Commission, Presidency and Council are expected to present a draft inter-institutional position this month (February 2006) although the reconciliation will not necessarily follow a strict schedule. The East European states were eager to guarantee an assistance package prior to the 1 January deadline and were given longer timeframes to 'absorb' aid. Nonetheless, the manner of the deal did little to stifle the rising tide of Euroscepticism in Eastern Europe and a lot to enhance the approach to Europe being taken by the governments in Warsaw and Prague. Even though the new Germany Chancellor reverted to the traditional role of paymaster and thereby softened the blow of the budget deal on Poland in particular, the budget deal did not pass through the lower-house of the legislature until the 24 January 2006 after weeks of horse-trading. At the time of writing, it has yet to pass through the upper house.

Two cheers for the British Presidency?

The UK's Presidency of the EU was not a disaster. There was notable progress in a number of policy areas despite the potential for the Presidency to become embroiled in all number of external controversies. There has been considerable progress on both REACH and the Services Directive. It is, however, important to note that here the Presidency is dependent on delivery by other EU institutions such as the European Parliament and the European Commission. The Presidency can claim success for progress in these areas but the success is not necessarily of its own making.

A key success was that the Presidency oversaw the opening of accession negotiations with Turkey. This was essentially reconfirming a decision already made, but a failure to open negotiations would have created considerable difficulties for the EU in its relationship with Turkey.

The Presidency secured a budget deal and by conceding €8 bn (over seven years) of the British rebate, secured a mid-term review of spending. The outcome of the budget negotiations were far from satisfactory for all parties concerned but this may be the best deal that a UK government is in a position to offer without inviting huge domestic political ramifications. If the negotiations had been allowed to rumble on into the Austrian Presidency, Europe would have been faced with a British government no longer occupying the Presidency (and consequently keen to reach a deal during its term of office) and preparing for local government elections in May 2006 against a renewed opposition in the form of the Conservative Party under David Cameron. The UK would have relapsed into a much less flexible negotiating position.

There was also disappointing progress on the Doha Round of WTO negotiations. Perhaps if the Presidency had been in the position of having to devote less energy to the budget issue it might have been able to devote extra political energy to strengthening the European commitment to these negotiations.

The UK Presidency achieved a large part of what it planned to achieve. However, its style has damaged the UK's standing in Europe. The failure of the Prime Minister to follow up on his June speech on the future for Europe has left the impression that the UK is content with the EU's current status quo – and with the Constitutional Treaty being consigned to history. Perhaps the most damaging immediate impact of the Presidency on the interests of the British government will result from its preference for brinkmanship (over consultation) on the EU budget during its term of office. But that a deal was brokered at all during the European Council in December is a significant achievement to the Presidency's credit.

The UK EU Presidency is a case study demonstration of the importance of the role of the Presidency for the EU. The UK Presidency was neither a dysfunctional Presidency nor an overwhelming success. Rather it was effective in realising the objectives that it set for itself rather than providing inspirational leadership. The UK Presidency was a classic 'competent Presidency' in that it exemplified the constraints of the six-month rotating Presidency that provides few formal powers with which to directly influence the agenda. The UK was the conductor of the EU's business that fell during its Presidency and, as with all Presidencies, that agenda was neither entirely of its own making nor directly under its control. The EU Presidency provides an only a fleeting opportunity for leadership and without the exercise of significant power.

¹ Article 203

The Council shall consist of a representative of each Member State at ministerial level, authorised to commit the government of that Member State.

The office of President shall be held in turn by each Member State in the Council for a term of six months in the order decided by the Council acting unanimously.

Article 204

The Council shall meet when convened by its President on his own initiative or at the request of one of its Members or of the Commission.

Treaty on European Union

Article 48

The government of any Member State or the Commission may submit to the Council proposals for the amendment of the Treaties on which the Union is founded.

If the Council, after consulting the European Parliament and, where appropriate, the Commission, delivers an opinion in favour of calling a conference of representatives of the governments of the Member States, the conference shall be convened by the President of the Council for the purpose of determining by common accord the amendments to be made to those Treaties. The European Central Bank shall also be consulted in the case of institutional changes in the monetary area.

The amendments shall enter into force after being ratified by all the Member States in accordance with their respective constitutional requirements.

² See Kirchner (1992), Sherrington (2000), Elgstrom (2003) as illustrative for the consistency in the roles played by the Presidency across time.

³ Charlemagne, 'Isolation forever', *The Economist*, 3 December 2005, p. 48.

⁴ *Financial Times*, 28 October 2005.

⁵ The threat was made in a letter dated 28th October 2005 – <http://www.euractiv.com/Article?tcaturi=tcu:29-147671-16&type=PolicyNews>

⁶ *Financial Times*, 3 June 2005.

⁷ *The Guardian*, 30 November 2005.

⁸ http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/gena/87672.pdf

⁹ *Financial Times*, 5 December 2005.

¹⁰ *Financial Times*, 1 December 2005.

¹¹ <http://www.isn.ethz.ch/news/sw/details.cfm?id=14451>

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