

The Austrian Presidency of the EU: the issues to watch

(1) Overview

The UK Presidency of the EU achieved little

The UK Presidency of the EU concluded on 31 December 2005. The UK has been widely criticised in Brussels for running a chaotic presidency. In terms of the UK's own stated goals the Government made little or no progress on economic reform, or on trade liberalisation. Despite some cosmetic deregulation initiatives, overall the burden of over-regulation on the EU's economies has continued to increase.¹ The UK now hands over the presidency to Austria, which has already set out an agenda which runs directly counter to the UK's goals.

The agenda of the Austrian Presidency runs counter to the UK vision of reform

The Austrian Presidency plans to rebalance the planned "Services Directive" by adding provisions to it which would harmonise labour market practices across the EU. Separately under the banner of a "new EU Social Agenda" Austria is to propose moves aimed at "coordinating social security systems". The Austrian Presidency also hopes to reach an agreement to tighten the Working Time Directive further - which the UK opposes.

The EU's leaders have not learned from the French and Dutch "no" votes

The clear rejection of the EU Constitution at the start of the summer of 2005 should have led to a major rethink of the direction, powers and structure of the EU. However, since the summer the EU has returned to exactly the same agenda it was following prior to the rejection of the Constitution. Several aspects of the Constitution have been implemented and the pace of integration has been particularly rapid in the areas of legal harmonisation and moves towards a single EU defence.

Instead of a serious response to the rejection of the Constitution the Austrian Presidency plans a number of stunt-like initiatives intended to prove that the EU is "listening". In January an international conference on "European identity and European values" entitled the "Sound of Europe" will be held in Salzburg.

¹ <http://www.openeurope.org.uk/research/regs.pdf>

A special "subsidiarity conference" is to be held in Austria some time in the first half of 2006.

Discussion is drifting back towards the EU Constitution

The new German government has called on Austria to launch a process leading to the adoption of the Constitution during the next six months. The Austrian Presidency proposes that "Under the Austrian Presidency, it will be time to take stock of the Constitution debate and to take decisions on how to proceed in future." Chancellor Schussel has promised "further proposals for the European constitution" (AFP, 27 December).

Rather than letting the agenda drift towards fresh attempts to implement the Constitution the UK Government must channel the so-called "period of reflection" into meaningful movement toward reform. The next six months will be critical in the debate about the future of the EU.

(2) Five issues to watch

The services directive

Austria has announced its intention to balance the services directive with harmonisation measures, intended to limit the competitive impact of the directive. The Austrian government's Presidency programme notes that "Austria will take particular care to ensure that the Directive does not lead to wage dumping and social dumping." A key danger during the Austrian Presidency is that during the ongoing negotiations the directive will become so loaded with harmonisation provisions that it will lead to negligible economic gains at the expense of a major increase in the EU's powers over the economy and employment law.

Welfare harmonisation

Under the banner of a "new EU Social Agenda" Austria's Presidency programme promises that "Austria will prepare the streamlining of coordination processes in the social area... The initial common objectives for social protection should be adopted at the March 2006 summit". It adds that "considerable attention will also be paid to coordinating social security systems." Social security ministers are scheduled to discuss these issues at an "informal" meeting at Villach in Austria.

The Working Time Directive

Austria's Presidency programme states that "Under its Presidency, Austria will endeavour to conclude the negotiations on the Working Time Directive." The UK has been resisting the tightening of this directive. On previous occasions when the UK's opt out from the 48 hour week has come under pressure the UK has offered concessions in an attempt to reach a compromise. CBI Director General Digby Jones suggested in a recent interview that the Government had promised to make concessions on the issue as part of its Warwick agreement with trade unions (Observer 27 November).

Free movement of people from the new member states

By 1 May the member states which have so far retained limits on workers from the new Eastern member states will have to declare whether they will extend their decision to keep barriers in place. Austria has already said that it will keep its barriers, although it remains to be seen whether other member states will follow suit.

Legal harmonisation and EU asylum policy

2006 will see a review of the Hague programme - the EU's ongoing programme which aims for harmonisation of justice and home affairs policies. Austria's presidency programme says that "efforts will continue to harmonise international private law in the areas of inheritance law, probate law, divorce law, contract law and compensation."

The Austrian Presidency's operational programme notes that "In the field of asylum, work will continue on the second phase of the development of a common European asylum system with the aim of establishing a common asylum procedure and a uniform status for those who are granted asylum or subsidiary protection." The concept of uniform status for applicants is likely to be particularly controversial. In the UK the Government told the European Scrutiny Committee that, "Our view is that this concept need not necessarily imply freedom of movement for refugees."

The single procedure is also seen by the Commission as a step towards even greater harmonisation in this area in future. The Commission, in its 2004 paper "A More Efficient Common European Asylum System: The Single Procedure as the Next Step", argued that the single procedure would be a stepping stone to common EU processing of asylum claims. It argued that a single procedure would allow the EU "to introduce a common administrative approach to the examination procedures such as the introduction of a single authority for the examination of applications for both refugee status and subsidiary protection."

(2) What the EU should be doing: key issues for the next six months

Open up Europe's trade policy and save the WTO talks

The Doha round of development trade talks, intended to increase the prosperity of the world's poorest, stalled in 2005. The EU's high levels of agriculture protection have been one of the main obstacles to progress. The ministerial meeting in Hong Kong in December 2005 was largely a disappointment; one of the few highlights was a commitment from the EU to phase out export subsidies by 2013. But even that was seen as cosmetic because internal EU reforms are set to eliminate export subsidies by that date.

The Hong Kong talks set a deadline of 30 April for agreeing a final blueprint for the trade round. Developing countries are calling for the EU to make substantial cuts in its high agricultural tariffs.

If the EU improves its offer, it would breathe fresh life into the WTO talks and would dramatically improve the chances of a deal being struck which would lift millions out of grinding poverty. However, Austria has signalled a defensive and inflexible approach. Its programme notes that "Austria has particular concerns in two areas: services and agriculture. In the former, Austria wishes to protect film and radio products designed to preserve cultural identity from foreign suppliers, and is opposed to opening up the market in basic services, i.e. education, health, water supply and public transport."

Austria argues that, "In the area of agriculture, the EU has already introduced changes through its reform of the common agricultural policy in 2003, which ensure high-quality products for the end consumer as well as providing legal certainty for international trade. It is now the turn of other WTO members to follow this example and adjust their agricultural policy." The UK will have to step up efforts to get the EU to make a more ambitious offer if the Doha round is to succeed.

Less Regulation

The last four presidencies of the EU held by Ireland, the Netherlands, Luxembourg and the UK agreed to work together to put in place a deregulatory initiative which Gordon Brown declared would mark a sea change and would "sweep aside wasteful regulation".

In December 2004, Dutch Finance Minister Gerrit Zalm announced a new initiative to put in place a system to measure the cost of EU regulations by June 2005, paving the way for a systematic campaign to reduce the burden on business. He claimed the new EU Commission was signed up to the campaign, and that the EU's regulatory burden should "go down, not up. If it doesn't, we will block new regulations." He also admitted that, "In the past there was a great reluctance at the Commission to take this up. They saw this as a great

attack on the Commission, as a very negative attitude. The Commission has had better regulation initiatives in the past, but they were lawyers' initiatives... They counted success in terms of numbers of pages. We are looking at the cost."

The mantle was taken up by the current UK Presidency. The Minister for Europe, Douglas Alexander, said that the EU needed to become "light on needless regulation". However these successive governments appear to be losing the battle to halt the EU's tendency to over-regulate. Nearly 1500 articles of secondary EU legislation were introduced in 2005. In July, the first month of the UK Presidency, 201 new acts were introduced, the most so far in 2005.²

Unfortunately, the reality is that the EU is actually producing more regulations than ever. According to the European Commission's database there are now about 22,000 EU regulations, directives and EU decisions on the statute book, of which about 12,000 have been introduced in the eight years since 1997, compared to 10,000 in the forty years from 1957 to 1997.

Having made little impact on this front during its presidency of the EU, the UK must step up calls for real - rather than token - reform in this area.

Open up EU policy making

Under the UK's Presidency of the EU ministers agreed to make European Council meetings slightly more accessible to the public. The agreement will apply to discussions which fall under the co-decision procedure, such as economic, social and environmental legislation. Issues such as foreign policy and justice and home affairs will still be discussed behind closed doors. The move is also restricted to the Council's first deliberations after the European Commission has presented its proposal, as well as its "final" deliberations that take place once the European Parliament has submitted its opinion.

While this is a welcome step in the right direction, its impact is likely to be very limited. The important discussions in between the initial and final proposals, where compromises and deals are normally hammered out, will still take place behind closed doors. The reform also bypasses many key new areas. Opinion polls showed that the no votes in the referendums on the EU Constitution were partly driven by European citizens' fears that the decisions were being taken "over their heads" by EU politicians behind closed doors.³

² <http://www.openeurope.org.uk/research/regs.pdf>

³ http://nocampaign.com/facts-figures/french_briefing.pdf

If the Austrian Presidency wants to reconnect the EU with its public, a vital step has to be the introduction of full transparency for all meetings of the European Council and COREPER.

EU Foreign policy: Belarus

Presidential elections will take place in Belarus midway through Austria's EU Presidency. The country's constitution would have allowed the elections to take place any time before July, but the Belarusian parliament recently voted to set the election date as March 19 in a hastily called session. The current President, Alexander Lukashenko, was reportedly worried that the opposition, led by Alexander Milinkevich, was gaining momentum. Milinkevich has protested that the earlier than expected election date will severely curtail his time to travel and meet voters, which is essential to his campaign as he is banned from appearing on state radio or television. Lukashenko has also put independent newspapers under pressure by blocking state owned news kiosks from selling them.

Lukashenko is only eligible to run again because of a constitutional amendment approved in a referendum in October 2004 that abolished presidential term limits, allowing him to seek office indefinitely. That referendum was widely denounced as fraudulent.

Milinkevich has criticised the EU's softly-softly approach in Minsk, and has called for more concrete steps such as sanctions to be taken if the elections are rigged. He has said that, "It's obvious European policy toward the Belarusian regime has failed. European politicians did try to educate the Belarusian leadership, but it's impossible".⁴

Now that the EU borders Belarus, it is more important than ever that the EU continues to push for greater democracy in the country. The Austrian Presidency must make sure that the EU takes a firm line in criticising any abuses of the elections by the Belarusian authorities.

⁴ <http://euobserver.com/9/20590>