
Review of the Belgian Rotating Presidency: From Political to Administrative Leadership (ARI)

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Theme: Despite its domestic political problems and the major challenges facing the EU, in the second half of 2010 Belgium managed the Council's rotating Presidency effectively and pragmatically.

Summary: Belgium has used her federal political structure and experienced public administration to counter speculative fears of a weak Presidency at a time when the EU had to address difficult challenges. By functioning as a 'caretaker' Presidency, EU policy-making output has been substantial. It furthermore managed to give full attention to the implementation of the Lisbon Treaty and the establishment of the new EU institutional set-up.

Analysis: When Belgium's federal government collapsed in April 2010 and elections were held the following 13 June, the country's political parties knew that they would be unable to forge a coalition agreement before the Belgian Presidency began. Initially, the victors in the elections aimed to reach an agreement before the end of the summer recess in order to be able to exercise effective leadership in September 2010. Until that time, the chairmanship of the Council's rotating Presidency would be held by the caretaker government. Despite their good intentions, there was the risk of coalition building overshadowing the Belgian rotating Presidency and jeopardising its success. Eventually the impasse in forming a new government persisted and carried on throughout the entire second half of 2010, leaving the country for over 200 days without a government, with Yves Leterme's caretaker administration presiding over Belgium's 12th rotating Council Presidency.

Exercising a rotating Council Presidency is a demanding task for any country but also an opportunity for gaining political influence and engaging in some an image building before the outside world. On this occasion, Belgium risked gaining nothing, be it influence or image. However, the fears of a weak Czech-like Presidency¹ were exaggerated as Belgium could count on two safeguards: its federal system and the Lisbon Treaty. It could even be argued that the Belgian Presidency has allowed a more pronounced shift from a political to an administrative leadership of the Presidency. This paper discusses the factors that have contributed to Belgium's successful and pragmatic Presidency, despite having operated under complex and difficult circumstances.

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¹ Piotr Maciej Kaczynski, 'Lessons from the Czech EU Presidency', 4/IX/2009, <http://www.ceps.eu/book/lessons-czech-eu-presidency>.

Domestic Political Impasse: Risking Image and Influence

The image of Belgium on both the international and national scenarios has been under pressure. The rotating Presidency provides the country concerned with a high degree of visibility that it usually exploits to carry out country-branding campaigns, such as those promoted by Belgium on this occasion.² However, certain events involving high-profile politicians were adversely affected by the political instability, while the caretaker government was voted out in the June 2010 elections. Besides, the cultural campaigns implemented to promote Belgium were counter to public sensitivity due to the current debates on the country's further federalisation. Nevertheless, it was the 12th time the Belgians had held the Presidency and the vast experience and success accumulated in previous turns had its advantages. Furthermore, the traditionally pro-EU stance of Belgium's political class had resulted in Belgians holding prominent EU positions³ and their experience and dedication to the EU contributed to softening the damage done to the country's image.

But the question remained whether dedication and experience would be enough for Belgium to take the effective lead of the Council of Ministers. There were several difficulties that threatened the positive outcome of the Belgian Presidency. First, the caretaker government faced a weakened democratic legitimacy as the elections in June 2010 resulted in the coalition parties losing significant support. Secondly, there was the possibility of the caretaker government being followed by a new government, potentially delaying the EU's decision-making. And, third, the country's efforts were limited by the burden of domestic political energy being focused on forming a new coalition. Despite these start-up challenges, the Presidency can be said to have been a success, measured by its legislative and non-legislative output. Several factors contributed to this, including Belgium's federal structure and the EU's new institutional set-up under the Lisbon Treaty.

Belgian Federalism: Continuity in Crisis

Belgium's federal structure provides for complementary competences between various regional and community governments and the federal government. This means that the collapse of the federal government in April 2010 did not stop the regional and community governments from having a politically legitimised leadership over certain Council formations. The Foreign Affairs Council (FAC) is chaired by the High Representative (HR), Catherine Ashton, and did not include a major political role for the Belgian Presidency. Of the other nine Council formations, in five cases Belgian political leadership was affected because they were expected to be chaired by Federal Ministers. These were:

- General Affairs Council (GAC): Minister of Foreign Affairs (primarily), Minister of Defence and Minister of Development.
- Economic and Financial Affairs Council (ECOFIN): Minister of Finance and Secretary of State for the Budget.
- Justice and Home Affairs Council (JHA): Minister of Justice, Minister of the Interior and Minister for Employment.
- Employment, Social Policy, Health and Consumer Affairs Council (EPSCO): Minister for Employment and Minister of Social Affairs and Public Health.

² The Presidency organised over 800 seminars and cultural events in Belgium and over 80 seminars and cultural events within the EU (<http://www.eutrio.be>).

³ For example: Herman van Rompuy as President of the European Council, Karel de Gucht as Commissioner for Trade and Guy Verhofstadt as leader of ALDE group in the European Parliament.

- Transport, Telecommunications and Energy Council (TTE): Minister of Energy, Secretary of State for Mobility and Minister for Enterprises.

The Agriculture and Fisheries Council (AGRI) and the Competition Council (COMPET) were partially affected by the fall of the government. In AGRI, the Federal Minister of Agriculture dropped out, but the regional Flemish Minister-President responsible for fisheries remained. In COMPET, the Federal Minister for Enterprises dropped out, but the Walloon Minister of Economy, the Brussels Minister for Scientific Research and the Tourism Minister of the German-speaking Community stayed. The Council formations for the Environment (ENVI) and Education, Youth and Culture (EYC) remained under the lead of Ministers of the regions and/or communities and were not affected by the fall of the government.

Overall, this meant that most, but not all, Council formations were affected by the fall of the federal government. Belgium's federal structure helped weather to a significant degree the caretaker government's weakened legitimacy. Had it occurred, the negative impact of a mid-term government change on the Presidency's effectiveness would also have been softened by the system. The continuity of the caretaker government averted the risk of new and inexperienced Ministers working on European and international dossiers. Looking at the impact of the Belgian coalition formation on its Presidency, it can be said that it dominated the domestic political debate. At the same time, it allowed the caretaker government to focus more on the Presidency. Nevertheless, the uncertainty of Belgium's future set the tone in the international media, resulting in the financial markets fearing a potential split in the country. Since the restoration of trust in the Eurozone economies is high on the EU agenda, the Presidency was confronted with the task of advocating the stability of the Belgian economy. But as the caretaker government did not have the first hand in forming the coalition, its role in rationalising speculations was limited. This role was reserved for the two main negotiating parties.⁴ A caretaker with less political leverage was therefore bound to rely to a greater extent on its public administration.

Also, the EU's new institutional set-up after the Lisbon Treaty contributed to a more pragmatic focus of the Presidency. It could be argued that the new set-up has detracted political leadership from the rotating Presidency. Besides, in Belgium's case, it has also helped avoid a gridlock in EU decision-making.

The Lisbon Treaty: Towards a Lower-Profile Rotating Presidency

A weak political leadership in a rotating Presidency will be partially compensated by the Council's new institutional set-up following the Lisbon Treaty. Several actors contribute to this: the High Representative for Foreign Affairs and Security Policy, the President of the European Council, the trio-Presidency, the Council's General Secretariat and COREPER. Together they help to prevent a gridlock in decision-making and generate substantial output.

The Lisbon Treaty provides for the HR to chair the FAC (Art. 18 (3) TEU). Also, the creation of the permanent European Council President removes any special role for the Prime Minister of the country holding the rotating Presidency. The GAC now has the task of preparing the agendas for the European Council meetings in cooperation with its

⁴ The Flemish National Party (NV-A) and the Walloon Socialist Party (PS) are the two main parties in the coalition talks. NV-A President Bart de Wever repeated several times to the international media that his party aims for incremental steps towards a more confederal system. A sudden split of the country is not part of their strategy.

permanent President (Art. 15(6b)) TEU). Under this provision, the rotating Presidency and the permanent President work closely together. This could mean that, in the event of the rotating Presidency being weakened by national political problems, the permanent President can take a stronger role in preparing European Council meetings and overseeing the GAC.

In the Belgian case, the European Council's permanent President was on close terms with the rotating Presidency since he was the country's former Prime Minister. In the long run, this is likely to strengthen Herman van Rompuy's position at the European level vis-à-vis other actors, especially the Council's rotating Presidency. The particular situation where a former Belgian Prime Minister has numerous informal contacts with sectoral Ministers of the rotating Presidency gives rise to an opportunity for political supervision by the permanent President of the European Council. The sustainability of his position will be tested in 2011.

Ending a Period of Lisbon Treaty Transition

While the Lisbon Treaty introduced provisions to guarantee the consistency of the Council's work, it also introduced uncertainty for the rotating Presidency. Spain, which held the first Presidency under the Lisbon Treaty, had to confront the ambiguities of the new institutional set-up. Its programme gave priority to the implementation of the new Treaty, but domestic political problems took up most of its energies. The economic crisis hit the country hard and rising unemployment required the immediate attention of Spain's Prime Minister, José Luis Rodríguez Zapatero. Additionally, the Greek crisis spilled over to other Eurozone members, in particular to Spain, Portugal and Ireland. This increased the need for immediate coordination at the European level, an opportunity for Herman van Rompuy to take action. He launched a task force of EU Finance Ministers with the aim of achieving more effective economic coordination. Given the results, the permanent President seems to have used this initiative to tap into the work of the Council, a sign of institutional overseeing. While Spain could have considered that this was against its interests, there is no reason to doubt that the Belgians have had a different view of the role the European Council President should play.

Besides strengthening the position of the European Council's permanent President, the Belgians also aimed to remove doubts about who is responsible for external relations. In an interview with the *EU Observer* (20/V/2010), the Belgian EU Ambassador, Jean De Ruyt said: 'Our ambition is to make sure that the working Presidency no longer has anything to do with external relations by the end of the term'. While the Spanish Presidency questioned the role of the HR, especially regarding relations between the EU and former colonies, Belgium made it a top priority to overcome any ambiguity on the EU's external representation and to support the HR in the challenging task of creating the External Action Service.

By prioritising the implementation of the Lisbon Treaty, the Belgian Presidency attempted to end the transitional period of the new institutional set-up. This included the termination of political responsibility for the Union's external action by the rotating Presidency. The effect of the Belgian efforts to crystallise the post-Lisbon Treaty institutional set-up should become more evident over time. For the Hungarian Presidency (in the first half of 2011) a similar focus on a more administrative leadership can be expected, as opposed to taking a strong politically-driven lead. However, the Polish Presidency in the second half of 2011 might exercise a stronger political approach and challenge the role of the European Council's permanent President and of the High Representative.

Other Affairs

The challenges faced by the Belgian Presidency and the factors contributing to an effective administrative leadership of the Council formations have passed muster. The Belgian intention of ending the Lisbon Treaty's transitional period has also been discussed. Whether they have managed to do so will be seen in the longer term and the upcoming year will prove crucial in this. For now, the Belgian Presidency will be judged mainly on its tangible output, several highlights of which are described in the following sections.

General and External Affairs

'It's spectacular' said Olivier Chastel, the Belgian Secretary of State for European Affairs, about the agreement on the European Citizens' Initiative (*EU Observer*, 16/XII/2010). This mechanism of participatory democracy became a reality during the Belgian Presidency. The transnational initiative is the first of its kind in which the EU's citizens can participate directly in policy making. The tool still needs to be developed, but it is expected to prove useful for the European Parliament (EP) to mobilise its constituents to ask the European Commission to come forward with a legislative proposal. The creation of the European Citizens' Initiative was part of the Lisbon Treaty and was therefore high on the Presidency's agenda. However, no prior agreement in the Council was evident.

As mentioned above, Belgium aimed to facilitate to the fullest the development of the European External Action Service (EEAS). While the initial steps for the creation of the EEAS were made during the Spanish Presidency, Belgium managed to finalise an agreement on staffing and financing, allowing the HR Ashton to start building her executive team.

Enlargement was also dealt with during the Presidency. Accession talks were opened with Iceland and significant progress was made with Croatia. Belgium's support for Serbia's candidacy put pressure on the Dutch political position, while Montenegro was granted candidate status at the EU leaders' summit on 16-17 December. A disappointing aspect of the Presidency was the failure to make progress with the negotiations for the accession of Turkey.

In Trade, the Presidency took an important step by granting Pakistan commercial concessions following the destructive floods. Despite the concerns voiced by Italy's car industry, the EU also signed a free-trade agreement with South-Korea.

Competitiveness and Economic and Financial Affairs

A significant agreement was reached on the financial supervision package, creating four new supervisory bodies: the European Systemic Risk Board (ESRB), focusing on macro-prudential supervision; the European Banking Authority; the European Securities and Markets Authority; and the European Insurance and Occupational Pensions Authority (the latter three all European Supervisory Authorities, or ESAs). The involvement of the EP in achieving this agreement was a priority for the Belgian Presidency, stressing its interest in allowing the Parliament to establish its own position in the post-Lisbon Treaty institutional set-up.

Throughout the Belgian Presidency, the debate on strengthening economic governance focused on the Economic and Financial Affairs Council. In cooperation with Herman van Rompuy's informal task-force, the Council managed to push through the debate on budgetary discipline, growth and macroeconomic stability. While the division of

competences between the informal task-force and the formal ECOFIN Council were sometimes ambiguous and the cause of conflict, the Belgian Presidency managed to successfully cooperate with the European Council's permanent President. This resulted in the creation of a crisis resolution system whose aim was to safeguard the stability of the Euro.

The third important step taken by the Council was the budget for 2011. Halfway through the Belgian Presidency the budget appeared to be blocked when the EP demanded a 6.2% increase and the Council failed to come to an agreement. Finally, the EP agreed to a 2.9% increase in exchange for pledges of the upcoming Presidencies to involve the Parliament in the negotiations over the next multi-annual framework. The Hungarian Ambassador to the EU, Peter Gyorkos, responded in relief: 'For us it could be a very heavy heritage' (*EU Observer*, 15/XII/2010).

The Competition Council mainly focused on the EU 2020 strategy and, within it, on activating the Monti Report. The report addressed the question of how to empower the single market as a cornerstone of European integration and sustainable growth. Reaching sustainable growth is clearly an objective of the EU 2020 strategy. During the Belgian Presidency the Council adopted a two-year plan regarding the Commission's Single Market Act, launching 50 initiatives aimed at completing the EU internal market. The Council invited the Commission to set up priority measures to be put in place before 2012 and to continue examining the Single Market Act.

Another important achievement of the Belgian Presidency was the breakthrough in the EU patent dossier, that aims to establish a single patent for the entire Union. Towards the end of the Presidency's term, an enhanced cooperation procedure was launched to allow nine or more EU Members to request the European Commission to start preparing a proposal for an EU-wide patent system. The Belgian Minister of the Economy, Vincent van Quickenborne, failed to obtain unanimous approval but garnered the support of 23 Member States. Spain and Italy were strongly opposed to the agreement based on 'language discrimination'. Finally, a joint request by 11 Member States was issued, which the Commission presented to the Council and the EP. This breakthrough in the EU patent dossier is significant and a great success for the Belgian Presidency.

Environment and Health

A highly sensitive debate was held on the revision of the Eurovignette Directive. The revision was aimed at developing a transport pricing system to cover, besides costs of maintaining and building infrastructure, the negative costs of freight transportation, ie, pollution and noise. As environmental NGOs were in opposition to the transport lobby, the EU's institutions struggled to reach a compromise on the revision. The Belgian Presidency managed to adopt a compromise proposal allowing –for the first time under EU legislation– environmental charging.

Another success of the Belgian Presidency was the compromise on cross-border healthcare. The difficult compromise was achieved at the ambassadorial COREPER level and paved the way for a Directive to be in force as early as 2013. The Cross-border Health Directive aims to allow retired people, people with rare diseases and people living in border areas to receive the best medical care possible.

Conclusion: The domestic political turmoil in Belgium has marginalised the image-building opportunity provided by the rotating Presidency of the Council. Belgium risked at the start of its term to have only a limited influence on the European political agenda due to the national coalition talks overshadowing the Presidency. However, the strong balancing effects built in to Belgium's federal structure and the Lisbon Treaty's institutional set-up allowed it to successfully conclude its Presidency. Besides, the persistent Belgian political impasse allowed the caretaker government to preside over the entire term. Considering that the government had lost its political legitimacy after the June 2010 election, the strategy was to concentrate on an administrative rather than political leadership in the Council. This gave the Presidency the opportunity to function as an honest broker and use its ample experience in public service to avoid losing influence on the European political agenda.

The Belgian Presidency prioritised the full implementation of the Lisbon Treaty and attempted to eliminate ambiguities concerning the new roles of the permanent European Council President and the High Representative. By doing so, the Presidency allowed them to develop their institutional overseeing capacities. The results of the upcoming Hungarian and Polish presidencies should indicate whether a precedent has been set for a weaker role of the rotating Presidency.

The Belgian Presidency made substantial progress on tough EU dossiers. In general and foreign affairs steps were taken on the European Citizens' Initiative, the European External Action Service and enlargement issues. Trade agreements were also finalised with Pakistan and South-Korea. Further, significant steps were taken on competition and economic and financial affairs, while agreements were reached on the EU patent dossier, financial supervision and economic governance. In environment and healthcare, agreements were made on the Eurovignette dossier and cross-border healthcare.

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