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A Strong Europe in a World of Challenges: The Key Priorities of the Croatian Presidency of the EU



Future of the EU27

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On 1 January 2020, Croatia assumed its first rotating Presidency of the Council of the European Union, a position it will hold for six months until 30 June 2020. To mark the occasion, the President of the European Council, Charles Michel, and the College of Commissioners, travelled to the Croatian capital of Zagreb from 8-10 January 2020. As the most recent EU Member State and one of the smallest, holding the Presidency gives Croatia the opportunity to coordinate the legislative activities of the Council.

Croatia takes up the Presidency against a complex political and institutional backdrop. The new EU institutions and leaders are now all in office and Croatia will have to work quickly to forge productive working relationships between the key institutions. In addition, new policy priorities have emerged such as the European Green Deal and the digital transformation, while old challenges persist such as migration, security and uneven economic development.

Three significant events are likely to set the context for the activities of the Croatian Presidency. The first is Brexit. The EU is expected to lose a Member State for the first time on 31 January 2020, opening up a new phase of EU-UK negotiations on the future relationship. The second is negotiations on the EU's long-term budget, the Multiannual Financial Framework or MFF, for the period 2021-27, which must be agreed as a prerequisite for delivering on the Union's objectives. The third is the Conference on the Future of Europe, a significant EU wide democratic exercise which is due to begin in May 2020. In all cases, the Croatian Presidency will have to manage a range of competing national and institutional priorities.

The beginning of the Croatian Presidency was also marked by national political change, following the election of opposition candidate, Zoran Milanović, as President of Croatia. Mr Milanović, a member of the Social Democratic party, secured victory over the incumbent Kolinda Grabar-Kitarović, a member of the governing Croatian Democratic Union.

The motto of the Croatian Presidency, "A Strong Europe in a World of Challenges", encapsulates the complex backdrop against which Croatia accedes to the Presidency, while also expressing confidence in the EU's strengths and capacity for unity in overcoming these challenges and responding to the needs of EU citizens.

The Presidency of the Council of the EU

The Presidency of the Council of the European Union rotates between the EU's Member State governments every six months. The rotating Presidency facilitates the implementation of the EU's Strategic Agenda, which sets out high level objectives for the legislative cycle. Due to the relatively short timeframe of the term, each Presidency is part of a Presidency Trio - a grouping of three countries that coordinate their priorities over an 18-month period. Croatia is the last Member State of the current Trio, which included Romania from January - June 2019, and Finland from July - December 2019. The new Trio of Germany, Portugal and Slovenia, colloquially known as the 'GPS Trio', takes over under the German Presidency from July 2020.

Within the framework of the Trio programme, each Member State agrees a detailed 6-month programme, which highlights areas of particular interest.

Croatia has chosen to base its Presidency Programme on the following four pillars:



1. A Europe that Develops – EMU, Cohesion, Demography and the Green Transition

The first priority of the Presidency focuses on achieving balanced development in all EU Member States and regions, in response to the challenges posed by digitalisation, unbalanced economic development and demography. The four main aspects of this pillar are economic, regional, social and environmental.

The economic agenda for the Presidency includes strengthening the

Economic and Monetary Union, through the further deepening of the Banking Union and the continuation of discussions on the European Deposit Insurance Scheme. Croatia also hopes to reach agreement on the so-called Eurozone budget, the draft Budgetary Instrument for Convergence and Competitiveness (BICC), which will now form part of wider negotiations on the MFF. Other priorities include defining new priorities for the next Capital Markets Union Action Plan, which will replace the previous plan introduced by President Juncker in 2015. This will be crucial for directing the next phase of the development of the EU's financial system and is likely to reinforce Croatia's ambitions to join the Eurozone in the period 2020-24.

Promoting regional development and cohesion is a key priority of the current Trio programme and one which Croatia will continue to support. Finalising negotiations on the modernisation of Cohesion Policy for 2021-27 and raising public awareness of Cohesion Policy will feature on the agenda. This will be complemented by efforts to strengthen the competitiveness of SMEs and promote lifelong learning for the jobs of the future.

The Croatian Presidency's social agenda focuses on promoting discussion on the challenges related to negative demographic trends, which Croatia believes require an EU level solution. This is interesting in light of the appointment of Croatia's Dubravka Šuica as Commission Vice - President responsible for Democracy and Demography, and Prime Minister Plenkovic's recent description of population decline as an "existential problem". Croatia's population is falling at the fifth-fastest rate worldwide, according to the UN.¹

Finally, the Croatian Presidency will continue the work of the Finnish Presidency on creating a climate neutral and green Europe. Under its stewardship of the Council, all legislative actions will take into account the importance of the green transition.² The Presidency will seek to combine the ambitious implementation of the Paris Agreement and the conservation of biodiversity particularly in coastal areas, with a socially and financially just transition.

2. A Europe that Connects – Sustainable Transport, Energy Security, Digital Infrastructure

The theme of connectivity is becoming increasingly central to the EU's policy agenda. This pillar aims to address differences in connectivity across Europe, in terms of both hard infrastructure like transport, energy, telecommunications, digital networks, and soft infrastructure like education and mobility. Croatia considers this as essential if the EU is to become a fully cohesive and "networked

economy" and achieve the full potential of the Single Market.

Priorities in the transport sector include further developing the Single European Transport Area, ensuring sustainable maritime activities and advancing digitalisation and innovation in the transport sector. The Presidency will also prioritise energy security in the EU, with a view to overseeing initial discussions on a new decarbonisation package.

The Croatian digital connectivity agenda includes the establishment of secure digital infrastructures across Europe as part of the continued development of the Digital Single Market, including 5G networks. Croatia has said it will work to facilitate the implementation of the 5G toolbox, which will be published in January 2020. It will also host a Digital Assembly in May 2020 in Zagreb, with a variety of stakeholders to debate the future of European digital policy.

On the cultural side, Croatia will seek to forge a stronger connection between EU citizens through education, culture and sport, and to reduce the brain drain from Eastern to Western Europe through the promotion of balanced mobility.

3. A Europe that Protects - Migration Management, Schengen, Justice and Home Affairs

The third pillar of the Croatian Presidency envisages a secure and safe Europe, based on the effective management of migration and strengthened border controls. In addition to the promotion of the Union as an area of freedom, security and justice, based on shared values and the protection of the rule of law.

In a similar way to its predecessors, a particular ambition is developing a comprehensive and sustainable migration policy, including a framework for the Common European Asylum System. Croatia believes this should be based on the humane and effective management of migration and the strengthening of the EU's external borders. Specific legislative objectives include reaching agreement on a list of safe third countries and updating the framework for legal channels of migration.

A further priority is facilitating a return to the full functioning of the Schengen area, which Croatia has ambitions to join under the German Presidency in the second half of 2020.³ Croatia was given the green light for membership of the Schengen area by the European Commission in October 2019, but has yet to receive the go ahead from Member States. Croatia's Schengen prospects

remain uncertain due to potential opposition from Slovenia over an ongoing border dispute.

In the area of freedom, security and justice, the definition of new strategic guidelines on freedom, security and justice, will be a particular focus for the Croatian Presidency. In this context, Croatia will emphasise the importance of ensuring a comprehensive approach to the protection and promotion of the rule of law and beginning the work of the European Public Prosecutor's Office.

4. An Influential Europe – Enlargement, Security and Defence Cooperation

The concept of a more global and geopolitical Europe is central to the EU's new legislative agenda. The Croatian motto of 'A Strong Europe in a Challenging World' seeks to advance a vision of the EU as a visible and self-confident global player through a credible enlargement policy and further developments in security and defence cooperation in the EU.

In the view of the Croatian Presidency, improving the EU's credibility as a global actor begins with stability in its neighbourhood. As the most recent Member State to go through the enlargement procedure, it is unsurprising that EU enlargement to the Western Balkans will be one of the most prominent geopolitical objectives of the Presidency. The Croatian Government considers the recent decision not to open enlargement talks with North Macedonia and Albania as a mistake, following opposition led by France.⁴

While mindful that it will have to play a neutral role, the Croatian Presidency hopes to make progress on opening accession negotiations with Albania and North Macedonia under its stewardship of the Council. The key date in this regard will be 6-7 May 2020, when Croatia is expected to host an EU-Western Balkans summit in Zagreb. This symbolic summit will mirror the summit held in Zagreb in November 2000, which was regarded as a key turning point towards Croatian membership of the EU.

Croatia will also be an advocate for granting candidate status to Bosnia and Herzegovina and the establishment of an instrument for pre-accession assistance for candidate countries as part of the next MFF. While Croatia is said to be considering French proposals for reform to the enlargement process, the Croatian Foreign Minister, Gordan Grlić Radman, has expressed scepticism about changing the rules while the current process is already in motion.⁵

On security and defence, the Presidency will promote discussion

on the further development of EU security and defence capacities, in complementarity with NATO. Rather than introducing new initiatives, Croatia will prioritise implementing and consolidating current initiatives such as PESCO and the Coordinated Annual Review on Defence (CARD). An additional priority is facilitating agreement on the European Defence Fund as a means of strengthening the EU's defence industry.

3 Key Milestones for the Croatian Presidency on the Road to the Future of Europe

The MFF

When asked about the biggest challenge facing Croatia over the next six months, Prime Minister Plenković replied resolutely: the MFF.⁶ Croatia has ambitions to reach agreement on the EU's long-term budget during its Presidency. This will be challenging given the significant gap that still exists between Member States that favour a more frugal budget of 1% of EU GNI, and Member States that want to see a more generous budget. While the Finnish Presidency had hoped to reach agreement on the MFF by December 2019, its latest proposal for a budget of 1.07% of GNI, was not well received by Member States on all sides of the debate, including Croatia.

For its part, Croatia would like to see a balanced agreement between treaty-based priorities such as CAP and Cohesion Policy, and new policy challenges. Nevertheless, as a member of the Friends of Cohesion group of Member States, Croatia would like to see a budget that maintains current levels of funding for CAP and Cohesion Policies and will seek to reflect this position in future budgetary proposals.

Brexit

If the UK does indeed leave the EU on 31 January 2020, Croatia will preside over the beginning of negotiations on the next phase of complex negotiations on the future relationship within a tight 11-month timeframe. The Croatian Prime Minister has said that the Presidency will focus initially on the swift adoption of a comprehensive Council mandate for negotiations. The Presidency will also be at the helm of the Council in June 2020, when a high level EU-UK meeting is foreseen to take stock of progress and a decision is expected on any possible extension.

Conference on the Future of Europe

A core responsibility for the Croatian Presidency relates to the organisation of the Conference on the Future of Europe, one of the flagship proposals of the new European Commission as part of efforts to bring the Union closer to its citizens. The Presidency will

be responsible for defining the Council’s position on the content, timing, scope, composition and functioning of the Conference, which is due to begin in May 2020 and last until 2022. Croatia will need to find a compromise between the most enthusiastic supporters of the proposal, such as France and Germany, and those which have expressed more muted support amid concerns that the Conference might lead to treaty change. Following approval of the Council’s negotiating position, the Presidency has further ambitions to conclude delicate interinstitutional negotiations on the Conference. These may be facilitated by the appointment of Vice-President Šuica as Commissioner for Democracy and Demography with responsibility for overseeing the Commission’s position on the Conference.

Conclusion

In the words of the Croatian Prime Minister, the country has taken over the rotating presidency of the Council of the EU at a particularly “delicate period”.

Nevertheless, through its Presidency programme, Croatia has sought to advance a vision of the EU that is optimistic and inclusive through its slogan of “A Strong Europe in a World of Challenges”. Croatia’s focus on development, connectivity, security and global influence, is indicative of its desire to form part of a Union that is internally united and globally relevant. It remains to be seen if these endeavours will be overshadowed by negotiations on the MFF and Brexit.

Nonetheless, Croatia is likely to seize on the opportunity to oversee the Council’s response to these fundamental challenges. It is a chance to demonstrate Croatia’s integral role as both a European and a Balkan state, which it hopes will cement its place at the centre of the European project through future membership of Schengen and the Eurozone.

This is part of the Future of the EU27 Project, which is supported by the Department of Foreign Affairs and Trade.

Endnotes

1. Falling populations pose ‘existential’ risk, Croatia warns EU, Financial Times, 8 January 2020
2. Work programme of the incoming Presidency - Information from the Croatian delegation, Available at: <https://data.consilium.europa.eu/doc/document/ST-14281-2019-INIT/en/pdf>
3. Croatia Foreign Minister: We will defend regional, farm funding in new EU budget, Euractiv, 11 December 2019
4. Western Balkans left betrayed by EU over membership, The Guardian, 1 January 2020
5. Western Balkans left betrayed by EU over membership, The Guardian, 1 January 2020
6. 2021-27 MFF Most Important Dossier of Croatia’s EU Presidency, Total Croatia, 3 January 2020

Important Dates in the Croatian Presidency 2020

20 January	FAC/ Eurogroup	7 May	EU-Western Balkans Summit
21 January	ECOFIN	11 May	FAC
28 January	GAC	12 May	GAC/FAC
17 February	FAC/ Eurogroup	14 May	FAC
18 February	ECOFIN	18 May	Eurogroup
25 February	GAC	19 May	ECOFIN
12 March	FAC	26 May	GAC
16 March	Eurogroup	28 May	EU-USA Summit
17 March	ECOFIN	TBC May	Digital Assembly, Zagreb
23 March	FAC	11 June	Eurogroup
24 March	GAC	12 June	ECOFIN
26 & 27 March	European Council	15 June	FAC
21 April	GAC	16 June	GAC
22 April	FAC	18 June	European Council
6 May	EU-Western Balkans Summit	19 June	European Council & Eastern Partnership Summit

[The Croatian Presidency Calendar can be found here](#)