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## Romanian Presidency of the Council of the EU

### Presiding over the Preoccupied Union

On 1 January 2019, Romania started presiding over the Council of the EU, for the first time since joining the Union. It took up the baton from [Austria](#), a country whose priorities mainly revolved around strengthening the EU's security, tackling the migration issue, and supporting the Western Balkan's EU perspective. What about Romania's priorities?

Recognising that 2019 will be a busy year for the EU – due to the European Parliament elections, Multiannual Financial Framework (MFF) negotiations, and Brexit conclusion - this CEP Insight explores the programme of the Romanian presidency and sheds light on what the Western Balkan may expect from its neighbour when it comes to prioritisation of enlargement.

#### *Cohesion, a Common European Value*

**R**otating member states typically tend to thematise their presidencies according to their specificities, and Romania is no different. One word that Romania will say a mouthful during its presidency is 'cohesion'. In fact, the title of this sub-chapter stands as a motto of the Romanian

presidency. The [Cohesion Policy](#) - often seen as the EU's most important investment policy and a key driver of growth and development in the EU - builds upon the [Article 3](#) of the Treaty on EU (TEU) and the [Article 174](#) of the Treaty on the Functioning of the European Union (TFEU), both of which highlight the importance of promoting economic, social, and territorial cohesion among member states. A closer look at the presidency programme makes clear the fact that **cohesion is an element that permeates all Romania's priorities.**

Romania stood out as the second fastest growing economy in the EU in 2017, according to the latest available data from [Eurostat](#), with a real GDP growth rate of 7%. Such positive trend continued in 2018 as well, according to the first [estimations](#), reaching 4% of growth – not so substantial as in 2017, but nevertheless praiseworthy. Yet, despite the overall economic progress, Romania is still the [second poorest](#) EU member state in terms of GDP per capita. Facing such a bleak situation on the home ground, Romania has more than good reasons to focus on cohesion during its presidency.



1. The Multiannual Financial Framework is a long-term spending plan that provides a stable basis for appropriate planning and implementation of EU programmes for a period up to seven years. Ian Begg explains well the complexity of negotiating in this matter: "The MFF negotiations are tough because they have to reconcile conflicting demands from member states and sectoral interest groups about how much to spend on particular programmes, while also keeping the net position of each country within politically acceptable bounds."

Namely, Romania has been highly reliant on EU Cohesion funds ever since joining the Union. For instance, since 2007, it has received around €42 billion in total from **Cohesion Policy funding** (10% more in 2014-20 than in 2007-13), aimed at developing a modern and competitive economy, and strengthening the regional and urban development. Furthermore, over 60% of Romania's **public investments** were made using the EU funds. As such, it has been one of the largest **net-recipients** of EU funds. With this, it becomes clear why **the cohesion-centered program of the latest presidency highly reflects the specific needs of Romania.**

### Cohesion or Confusion?

**R**omania's presidency comes at a time when crucial negotiations are being held on how to shape the Multiannual Financial Framework for 2021-27.<sup>1</sup> What makes these negotiations stand out is the fact that the member states will need to address a budgetary gap imposed by the intended withdrawal from the Union of the UK - a member state that used to be the EU's 3rd largest **budget contributor** (falling behind France and Germany). **Taking upon the role of a mediator during its presidency, Romania will need to find a way, together with other member states, to bridge the Brexit deficit.**

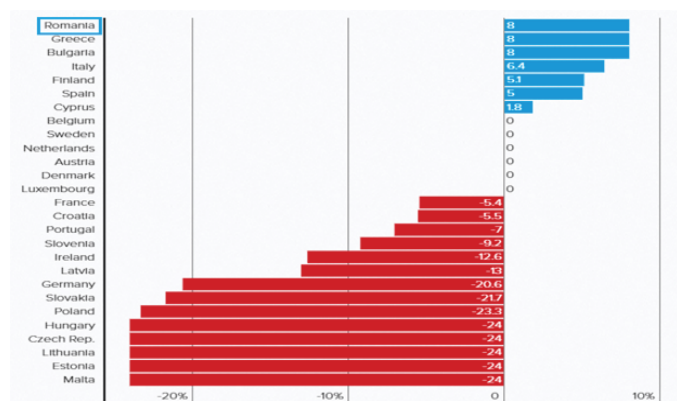
Even before taking over the presidency, Romania issued a **joint statement** in 2018 together with other net-recipient member states (i.e. the V4 countries, Croatia, and Slovenia), thereby calling for a larger MFF (despite Brexit), whilst adding that no changes to the MFF should come at the expense of the EU Cohesion Policy. Achieving this ambitious goal will face challenges, as several member states (i.e. Austria, Denmark, Netherlands, and Sweden) have already expressed their **reservations** on that matter, by calling for less contribution to the budget of EU27. As Danish prime minister Lars Løkke Rasmussen stated: "A smaller EU should mean a smaller budget!". **Due to the sharp divisions among the member states, striking compromises during the MFF negotiations will be the biggest challenge Romania will face during its presidency.**

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In the wake of formulation of a post-Brexit MFF, what has caused some **concerns** among the net-recipients was the fact that the European Commission proposed a 7% cut in funds dedicated for member state cohesion, as well as a 5% cut for agriculture in the 2021-27 MFF. Yet, despite the overall proposed decrease in funds for cohesion, Romania is a member state that has, in fact, benefited the most out of this zero-sum game. Namely, the same Commission proposal called for an increased fund allocation for Romania (+8%), thus making it **the highest level of increase** in EU funds of all member states (alongside Greece and Bulgaria).

Such development, however, came at the expense of other member states. Compared to the previous arrangement period (2014-20), as **Graph 1** illustrates, more than half of the member states will be worse off in the next cycle (2021-27) in terms of cohesion fund allocation. Regarding the rest, only six member states would retain the *status quo*, while seven member states would end up better off. As several member states have already **contested** the suggested allocation, the existing MFF proposal will likely go through further changes at the inter-ministerial level.

**Graph 1.** Relative Change between current and proposed Cohesion Policy funding



Source: European Commission and POLITICO research

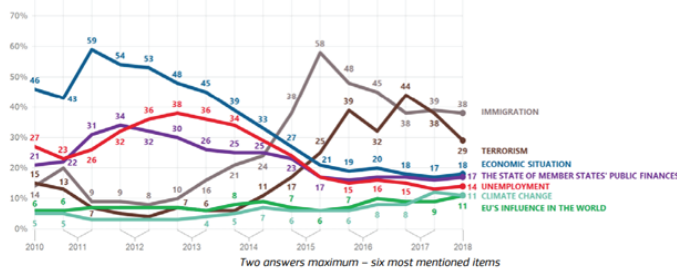
For these reasons, Romania will most certainly aim to achieve two goals in regard to Cohesion Policy during its presidency: first, **sustain the comparative advantage by keeping its own share of fund allocation;** and second, **address the dissatisfaction of other net-recipients by advocating for further increases of EU cohesion fund, as well as the MFF in general.**

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**Security Still High on the Agenda**

The issue of strengthening EU’s external capabilities, safety, and security has become one of the top priorities in the EU, ever since the hostilities with Russia increased (in the wake of the Crimea crisis in 2014), and the 2015 refugee crisis (in the context of the Syrian war) took away. Furthermore, the securitisation of EU policies reflects the changed environment in the EU, where the issues such as migration and terrorism have represented the leading concerns of the EU citizens ever since 2015 (see Graph 2). In response, **Romania and its trio partners (i.e. Finland and Croatia) are giving the highest importance to the issues of internal and external security in their 18-month programme.**

**Graph 2.** What do you think are the two most important issues facing the EU at the moment?



Source: European Commission and POLITICO research

From the perspective of internal security, Romania recognises that the EU, as it currently stands, cannot properly address the existing challenges threatening the safety of its citizens. For that reason, some of the measures it plans to advocate during its presidency include strengthening the internal security by increasing the interoperability of the EU security systems, improving the resilience to cyber-attacks, the operationalisation of the European Public Prosecutor’s Office, and finding solutions for an effective and sustainable EU migration and asylum policy.

When it comes to its prioritisation of a stronger global role for the EU, Romania will be unable to directly shape the EU’s foreign policy, as the Foreign Affairs Council (FAC) is the only Council configuration that lies outside the hands of the presiding state (since the Lisbon Treaty). Nevertheless, Romania will closely work with and support the High Representative for Foreign Affairs and Security Policy. In addition, it was already vocal about initiatives directed at consolidation of partnership with NATO, as well as ensuring the synergy of the new instruments, such as the Coordinated Annual Review on Defense (CARD), the European Defense Fund, and the Permanent Structured Cooperation (PESCO).

Overall, **Romania’s focus on internal and external security issues reflects the trend of the ongoing securitisation of the Union, thus building up on the efforts of the Austrian presidency.** In that regard, Romania’s position on security aligns well with the Commission’s proposal to increase funds (+40%) in the next MFF aimed at strengthening security. As most member states agree on the fact that there is a need to put combined efforts into Union’s protection, the issue of security is not expected to witness any major setbacks during the MFF negotiations.

**Can the Enlargement Momentum Be Sustained?**

The past year has been a year of opportunities for the Western Balkans. After years of perceived neglect, the WB was finally at the top of the EU’s agenda. Notably, Bulgaria organised the Sofia Summit concerned with the region, marking the first time since the 2003 Thessaloniki Summit, when it was promised an EU perspective. Months later, Austria continued with the prioritisation of the enlargement, whilst keeping a special focus on security-aspects, and Belgrade-Pristina dialogue. Fast-forward to 2019, and it seems that **Romania is taking the stage at the time the enthusiasm for enlargement is already largely gone.**

Namely, despite the initial high expectations of 2018 regarding the enlargement, the Western Balkans were unsuccessful in sustaining the enlargement as a priority issue for the Union. The reasons lie on both sides: the EU has objectively had many burning issues to deal with, whereas the WB countries have not seized the momentum created in first half of 2018. The latter occurred largely due to the lack of comprehensive reform efforts, and insufficient dedication to the good neighbourly relations (with the notable exception of the efforts made by a Western Balkan country now known as North Macedonia).

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2. In fact, after analysing Romania’s programme as well as statements of its public officials, it seems that Romania rather plans to put a larger focus on the Eastern Partnership and its Black Sea partners. As 2019 will mark a 10-year anniversary since the launch of the Eastern Partnership, Romania went as far as to call the EU to advance the “aspirations of countries such as the Republic of Moldova, Ukraine and Georgia to benefit from an explicit European perspective” (italics by the author).



As part of the Balkan peninsula, Romania has a strong **interest** in maintaining the stability of the region and in further developing it. Yet, **unlike Bulgaria and Austria, Romania has stopped short from enlisting the enlargement among its top priorities.**<sup>2</sup> Besides the broad and general statements concerning the support of the region's EU perspective, a closer look at the **presidency programme** shows that there are almost no concrete proposals on how would Romania, during its presidency, aid the region's accession process - with the exception of a call for a "structured and sustained dialogue with the [Western Balkan] youth". The notion of a cautiousness vis-à-vis the Western Balkans is also reinforced by Romania's European Affairs Minister, who openly warned that his country is unlikely to strongly push for the enlargement **prior** to the European Parliament elections (to be held in May 2019), as there is **fear that Romania's focus on enlargement might boost the rhetoric of some EU-sceptic and populist parties competing for the votes on the EU-level.** Since the matter of enlargement to the Western Balkans is quite **unpopular** among EU citizens, the EU's reluctance towards the enlargement during the election period is unsurprising. For that reason, the first half of 2019 will not be too promising for the Western Balkans.

Nevertheless, as Croatia will take over the Council presidency in the first half of 2020, the regional countries aspiring to join the Union will have no time to rest. Croatia, as a Balkan country itself that has joined the Union in 2013, will most certainly pay close attention to its non-EU neighbours. In fact, the announcement of the joint **EU-Western Balkan summit in Zagreb** is an illustrative example of Croatia's upcoming prioritisation. If the aim of the aspirant and candidate countries of the WB is to gain greater commitments from the EU at the Zagreb Summit than they did in Sofia, stepping-up efforts and working together with Romania's presidency should become a priority high on their list.

Finally, as the Brexit negotiations will be probably over by 2020, and the MFF negotiations will be reaching its final phase, the EU might have more time to focus more on the Western Balkan region once Croatia takes over. In other words, 2020 might be a second chance for the region in terms of reinvigorating their EU perspective. Therefore, with or without EU's magnifying glass pointed at the region, the Western Balkan countries will need to take their EU commitment to a whole new level.



## About the European Policy Centre

European Policy Centre - CEP - is a nongovernmental, non-profit, independent think-tank, based in Belgrade. It was founded by a group of professionals in the areas of EU law, EU affairs, economics and public administration reform, with a shared vision of changing the policy making environment in Serbia for the better – by rendering it more evidence based, more open and inclusive and more substantially EU accession driven. Profound understanding of EU policies and the accession process, the workings of the Serbian administration, as well as strong social capital combine to create a think-tank capable of not only producing high quality research products but also penetrating the decision making arena to create tangible impact. Today, CEP organises its work into four programme areas:

- 1) Good Governance, with a strong focus on horizontal policymaking and coordination;
- 2) Internal Market and Competitiveness;
- 3) Regional Policy, Networks and Energy;
- 4) Europe&us.