

## PORTUGAL'S PRESIDENCY

*By Katinka Barysch*

On July 1<sup>st</sup>, Portugal took over the EU's rotating presidency from Germany. Angela Merkel's six months at the helm will be a tough act to follow. Merkel had continued her winning streak by making EU leaders sign up to joint energy targets in March, by persuading George Bush – at least in principle – to use the UN to negotiate a post-Kyoto climate regime, and by getting her 26 EU colleagues to agree the outlines of a treaty to replace the failed EU constitution.

Headline-grabbing though they were, some of these agreements are vague, which leaves Portugal with the unenviable task of translating them into an EU treaty that can be ratified and policies that can be implemented (energy). The inter-governmental conference (IGC) on the new treaty will take up most of Lisbon's attention. But the Portuguese will have to attend to other unfinished business too: from postal liberalisation to enlarging Schengen. And, as EU presidencies usually do, Lisbon has added its own pet projects to the EU agenda. Not surprisingly, these include stronger ties with Brazil and African countries, immigration, and maritime policy in the Mediterranean.

Portugal is planning to swivel the spotlight from the east (Germany had concentrated on Russia, neighbourhood policy and Central Asia) to the south. However, Lisbon will not be able to take its eyes off the EU's eastern neighbourhood altogether. José Sócrates, Portugal's prime minister, says he wants to try a softer approach to Russia in the hope of unblocking EU-Russia negotiations on a new treaty. But given that Portugal has few links with Russia, it is unlikely to succeed where Germany failed. Russia is also still threatening to block the Ahtisaari plan for Kosovo independence in the . While diplomatic efforts at the UN will be important, Portugal will have to work hard to keep the EU countries united behind the Ahtisaari plan, and to prepare the EU mission that is supposed to guard stability in Kosovo after independence.

### ★ The new treaty

Merkel has left Sócrates an easy legacy, in the shape of a "clear" mandate for the IGC – or so he thought until the Polish government threatened to re-open the vexed question of the voting system. During the June summit, the Kaczynski twins, Poland's president and prime minister, secured a 'gentlemen's agreement' to allow a small group of member-states – smaller than the usual blocking minority – to hold up EU decisions. But there is no consensus over the length of time such blockages should last. The Kaczynskis say they negotiated a two-year delay; EU officials disagree, saying this would be unworkable in practice. A Europe-wide groan of frustration did not deter the Poles from calling for new negotiations. While the Kaczynskis' request may well be accommodated, it could encourage other governments to try and get a better deal too. However, the risk that the IGC will end in a re-run of the ill-tempered June summit, rather than the technical and legal exercise envisaged by the Portuguese, is slim. Most EU leaders are fed up talking about institutions and would welcome an early deal. Sócrates hopes to get the treaty signed at the next major EU summit in October. But if Poland, or another country, insisted on re-opening the package, negotiations could drag on right up to the end of the Portuguese presidency in December.

Although Merkel will get most of the credit for forging the political deal on the treaty, its speedy adoption would make the Portuguese shine too. They hope that the document could be called the Lisbon treaty, rather than retaining its current working title, namely 'Reform Treaty' (the fact that the October summit takes place in Lisbon, while the December one goes to Brussels may have added a sense of urgency to Portugal's IGC plans).

### ★ EU-Africa relations

If the IGC dragged on until December, Portugal would have less time and energy for its other presidency priorities, most notably preparations for the EU-Africa summit in December. The last meeting between leaders of the EU and 50-odd African countries also took place under a Portuguese presidency, in 2000. Sócrates says that the fact that there has not been one since is an “incomprehensible failing”.

The reason for this long gap is Zimbabwe’s president, Robert Mugabe, who has been subject to an EU travel ban since 2002. In a show of solidarity, other African leaders boycotted a planned EU-Africa summit in 2003, which was then called off. Despite Sócrates’ pleading at the African Union summit in Ghana in the first week of July, several African leaders have already said that they will not allow the EU to restrict the December guest list. So Portugal will probably have to invite Mugabe and pray that his African peers will persuade him not to come. If Mugabe did turn up, Gordon Brown and other EU leaders would come under intense pressure at home to stay away. A diplomatic fix, such as letting the African Union rather than the EU send the invites, is unlikely to calm down the critics.

The purpose of the summit is to launch a broader, deeper and more equal ‘partnership’ between Europe and Africa. A Commission paper from June says that Africa’s growing importance as an international actor and as an energy supplier requires the EU to stop treating the continent as a placid recipient of development aid. China’s growing role in Africa, and Europe’s lingering fear of being left on the sidelines, have added a sense of urgency (and there may even be a bit of ‘summit envy’ following China’s glitzy get-together with 45 African leaders in November 2006). Although the EU remains by far Africa’s most important trading partner – it bought €92 billion worth of goods from there in 2005 and sent €126 billion worth of exports – China is catching up fast. The Europeans are particularly concerned about China’s ‘no strings attached aid policy’ and its growing control over the continent’s natural resources. Rather than lecture Africans on how to run their countries and economies, the EU now wants to put the emphasis on joint objectives in areas such as migration, climate change and governance.

### ★ Borders and immigration

Alongside Spain, Greece and Italy, Portugal is one of the first points of call for illegal immigrants from Africa and the Maghreb. Lisbon will therefore use its presidency to push forward existing EU immigration initiatives, both on legal immigration (EU guidelines for integrating migrants and allowing them to move across EU countries more freely) and on illegal immigration (more resources for the EU’s struggling border agency, Frontex).

Moreover, Portugal is looking for ways to allow the EU to expand the Schengen area of passport-free travel eastward before the end of its presidency. The ten countries that joined in 2004 were told that – provided they worked harder to secure the EU’s external border – they could enter Schengen by 2008 at the latest. However, a new database for sharing police information, called Schengen information system II (SIS2), is not yet up and running. Given the symbolic importance of free travel for the East Europeans, they will welcome Portugal’s idea of managing the Schengen expansion through an upgraded version of the existing SIS system (an initiative with the unfortunate title SISOne4ALL).

### ★ Economics and finance

It was under the last Portuguese presidency in 2000 that the EU launched its ambitious ‘Lisbon agenda’ of economic reforms. But while this would make economic reform a good topic for Sócrates’ EU leadership, it is unlikely to receive much attention. First, the October summit, which would usually deal with economic questions, will be busy with treaty negotiations. Second, on economics, Portugal does not have much credibility. Although Sócrates has pushed through a raft of reforms at home, Portugal had the lowest growth rate in Europe last year while unemployment hit a 20-year high. Third, and most importantly, there is not much to add to the Lisbon agenda: the EU reviewed it in 2005 and agreed on a number of changes. In its efforts to do something Lisbon-related, Portugal could make matters worse. The 2005 review urged the EU to slim down the Lisbon agenda’s ‘shopping list’ of targets and concentrate on growth and jobs. Now Portugal wants to broaden it again, to give greater weight to social and environmental objectives.

Although Portugal has not explicitly made them priorities, energy and climate change will continue to occupy the Europeans. Portugal will negotiate on the EU’s behalf during the Bali climate change talks in December. Within the EU, Portugal’s task will consist mainly in chaperoning existing initiatives: draft directives on renewables, biofuels and unbundling are due in the autumn, as is the review of the EU’s carbon emissions trading scheme.

While economic reform is unlikely to get much attention, Portugal could end up presiding over a mighty row over public finances. In April, all 13 euro member countries pledged to move towards balanced budgets by 2010. But Nicolas Sarkozy subsequently said that planned tax cuts would prevent him from doing so until 2012. Portugal's finance minister, Fernando Teixeira dos Santos, said he would round up his eurozone peers to exert political pressure on Paris. The presidency is unlikely to have much sympathy for French attempts to renege on previous fiscal commitments. In 2002, Portugal became the first EU country to face an 'excessive deficit procedure' under the stability and growth pact. Lisbons' attempts to promote fiscal rectitude in the eurozone are likely to be backed by Berlin. Franco-German collusion in ignoring the stability pact seems to have ended now that Germany's own public finances look much rosier.

Another Portuguese and French row is brewing over enlargement. Fearing that the IGC may overrun its October deadline, the Portuguese have not yet fixed an agenda for the December summit. So ever-active Sarkozy is trying to do it for them. He wants the December summit to discuss EU borders, and in particular whether Turkey should be allowed to join the EU. Portugal, which is in favour of Turkish accession, says that there is nothing to discuss since the EU has already started accession talks with Ankara.

### Outlook for success

Many are sceptical whether this smallish country at the EU's southern fringe can cope with such a broad agenda. On top of unfinished business and new priorities, Portugal has to manage 'normal' presidency tasks, such as chairing dozens of EU meetings and preparing EU summits with Russia, China, India, Brazil and (possibly) the whole of Africa. Big countries in the chair can throw administrative resources and diplomatic clout at solving EU problems. Smaller ones have to rely on their power of persuasion. Sócrates may have limited foreign policy experience, but he is media-savvy and well-liked at home and abroad. With a strong parliamentary majority and a comfortable length of time till the next election (in 2009), he will not have to worry too much his standing at home (unlike Merkel who had to keep a constant eye on maintaining the 'grand coalition').

There are plenty of examples of solid and successful small-country presidencies. In the case of Portugal, it might help that expectations are relatively modest. After the flurry of activity during the German tenure, Portugal has already promised to slow the pace. The main agenda item – the Reform Treaty – is so important for the EU that Lisbon will get plenty of help from Berlin, Brussels and elsewhere. However, the Africa initiative is daring. A last-minute cancellation risks overshadowing whatever successes the Portuguese may produce over the next six months.



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#### Key dates for the Portuguese presidency

4 July	EU-Brazil summit in Lisbon
4-6 July	Employment ministers discuss jobs and migration
10 July	Ecofin looks at Malta and Cyprus bid to join the euro
23-24 July	Start of the IGC to finalise the new EU treaty
7-8 September	Foreign ministers discuss EU ties with US and other big countries
18-19 October	Informal EU summit to adopt the reform treaty
26 October	EU-Russia summit in Mafra
18-19 November	EuroMed ministerial meeting on migration
28 November	EU-China summit in China
30 November	EU-India summit in India
8-9 December	EU-Africa summit in Lisbon
13-14 December	EU summit in Brussels

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