

Dutch Presidency: The stars aligned?

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Most EU Council Presidencies come and go and are quickly forgotten. Sometimes however they are memorable because they conclude important and difficult dossiers, overcome long deadlocks or contribute to changing the overall direction or momentum of the EU. The upcoming Dutch Presidency in the first half of 2016 could stand out, not only because it comes at a time that the EU faces existential challenges such as the rise in Euroscepticism, the immigration crisis at the EU borders, the looming threat of Britain leaving the EU and the continuing economic crisis, with Grexit still a possibility, but also because it could be just the right Presidency at the right time. Together with the Dutch Public Affairs firm IvCB, FTI Consulting takes a closer look at the upcoming Presidency and analyses what it could mean for business.

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The ideal Presidency?

The rotating EU Council Presidencies have the role to chair Council meetings and to facilitate and drive the negotiations on the dossiers that are under discussion. The Dutch Presidency could carry out that role very successfully. As one of the EU's founding Members, the Netherlands has already been responsible for 11 Council Presidencies. This, together with its famously efficient administration, should ensure that the six months run smoothly from an organisational point of view. The Netherlands is also particularly well prepared, having consulted many stakeholders on the key issues over the past years. Hence its ministries will be very familiar with

the different positions on the key dossiers and should be able to chair negotiations effectively. It might also be an advantage that the Netherlands is a relatively small but highly respected country, placed geographically and in terms of substance between three major Member States – France, Germany and the UK – which could make it an ideal broker, a position strengthened by a culture of pragmatism and problem-solving.

Most notably, some of the most influential EU officials in key positions are Dutch. Former Dutch Foreign Minister Frans Timmermans, First Vice-President of the European Commission and in charge of its better regulation agenda, is currently one of the most powerful officials in the EU. Together with fellow Dutchman Alexander Italianer, the European Commission's Secretary-General, Timmermans has strong influence over the actual work of the Commission.

This could prove to be of great help for the Presidency in terms of alignment with and support from the Commission and could allow for a very efficient and well-coordinated operation. The fact that Dutch Finance Minister Jeroen Dijsselbloem is currently Head of the Eurogroup and will also Chair the meetings of Economic and Financial Ministers during the Dutch Presidency might help to align policies and drive the priorities in the financial sector forward. It might also help that the current EU Council Presidency is held by Luxembourg, a country with close ties with the Netherlands whose previous Prime Minister is now Commission President. If the Commission could ever work closely with two consecutive Presidencies, this is the time.

Last but not least, as a country that is regularly in the top ten globally in terms of competitiveness and is historically a trading nation, the Netherlands has a business-friendly reputation. With its strong sustainability agenda the Dutch presidency will be particularly supportive to green growth sectors.



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In the Juncker Spirit

The priorities of each Council Presidency are usually based on the Commission's work programme and the dossiers undergoing a legislative procedure. However, it is striking how strongly the overarching priorities of the Presidency resemble Commission President Jean-Claude Juncker's political guidelines from July 2014, namely the emphasis on jobs and growth, the focus on the essentials including the better regulation agenda and the EU connecting with its citizens, addressing the growing Euroscepticism.

Business-Critical Priorities

In the first half of 2015 the European Commission was busy developing its strategies and preparing the ground for actual legislative and policy proposals. However, this period of relative calm is now over and the Dutch Council Presidency will have to work through a large number of important dossiers, of which we will only discuss a selection of the most business-critical initiatives. The Dutch Presidency wants the European Union to focus on what is necessary and thereby creating a clear task division between the Member States and EU institutions. Also, the Netherlands aim at actively connecting and interacting with the European public during the presidency. The Dutch government aims to make innovation a central theme during the presidency, since it is the key driver for growth and jobs and European competitiveness.

Better regulation

The Better Regulation Agenda is critical for the Juncker Commission's key objectives of boosting the EU's competitiveness and regaining the trust of its citizens. This lies at the core of First Vice-President Timmerman's mandate and it is very likely that the Dutch Presidency will strongly support this agenda. Business across all sectors has high hopes for the notion of more efficient and less

burdensome regulation. While the EU's new inter-institutional agreement, which would also commit the Council and the European Parliament to better law making, should be agreed on by the end of 2015, the Dutch Presidency will have to ensure that the Council adheres to these principles right from the beginning.

Internal Market

In accordance with the *Strategic Agenda in Time of Changes* of the European Commission, the Dutch Presidency is committed to stimulating economic growth in Europe. Key areas for the Dutch government are strengthening the internal market and an effective European investment agenda. The Dutch government also supports creating a level playing field for European companies through a modern and competitive industrial policy.

In the end of 2015 the European Commission will present its **Internal Market Strategy for goods and services**. The Dutch Presidency is very supportive of the initiative and in particular regarding the potential for services. A key focus will therefore be a better implementation of the Services Directive (which in a previous Commission was nicknamed after the Dutch politician Frits Bolkestein) and a stimulation of national reforms to open up markets. This point might be important in the context of the Brexit discussions, as a reformed internal market for services is an important demand of the UK.

The **Digital Single Market Package** published in May will also be an area of focus. The Dutch government will aim to facilitate talks to remove barriers to e-commerce, guarantee cybersecurity and modernise copyright. The copyright proposal is due this autumn and the negotiations will likely be launched under the Dutch Presidency.

European Capital Markets Union

The European Capital Markets Union (CMU) is a key element of Juncker's investment plan and essential to unlocking financing across the EU and stimulating alternatives to bank financing. The European Commission will publish the CMU Action Plan and two first legislative proposals on securitisation and the Prospectus Directive in Q3 2015. During the six months of the Dutch Presidency important discussions will take place between Member States on these dossiers in which it will be critical to gain a high level of political support. Further legislative proposals following the CMU Action Plan can only be expected by the end of the Dutch Presidency.

Environment

The Dutch government will focus on three key environmental areas: climate change, circular economy and health for human beings and nature.

The **Circular Economy package**, which is to be expected in late 2015, will certainly be one of the most impactful environmental dossiers of the Juncker Commission. The legislative element will be limited to waste and recycling targets but will however lead to very challenging negotiations as the positions of Member States are far apart. The non-legislative part will be more far reaching and concern the whole value chain. The Commission's ambition is nothing less than to transform the whole economy. The Dutch Presidency supports this objective, the Prime Minister specifically stressed the importance of the Circular Economy for the Dutch last week and several of its largest companies such as Unilever, DMS, Heineken and Philips promote the circular economy concept. The Dutch Presidency will therefore aim to get the package to a good and ambitious start.

The Presidency will also address air pollution, drinking water, nanomaterials, endocrine disruptors and microplastics, issues that are relevant to many sectors. Regarding air pollution the Dutch Presidency could still have to deal with the **National Emission Ceilings Directive**. The positions of many Member States are a long way off the latest compromise text prepared by the current Luxembourg Presidency and it remains to be seen whether a final compromise can be reached. **Endocrine disruptors** have been a critical issue for many years but even more so recently, as the Commission finalised its public consultation on defining criteria for identification. While there is currently no legislative proposal scheduled, it is likely that there will be important initiatives from several Member States to restrict the use of endocrine disrupting substances.

Decarbonisation

The Dutch Council Presidency starts just after the COP21 climate negotiations and there will be a lot of work implementing the expected global agreement. Concretely the Commission published the review of the Emission Trading System (ETS) in July, and the negotiations in the Council will be fierce as the EU Member States have varying levels of dependence on fossil fuels and feel the impact of the ETS very differently. This area may be the one under the most public scrutiny.



The reform of the ETS may be the one under the most public scrutiny



Energy Union

For the Dutch Presidency the completion of the internal energy market is the most important element of the Energy Union and in particular the question how to integrate renewable energy into the energy system. In terms of legislative dossiers it will deal with the proposal for a Regulation on Energy Labelling that was published in July and it might also chair the start of negotiations on the proposed Regulation on Security of Gas Supply, to be published at the end of 2015.

Transport

The Dutch government strongly supports a well-functioning European transport market with a global and European level playing field and a clear framework for state aid. According to the Dutch, high quality European infrastructure requires more investment support through TEN-T. The Presidency will focus on simplifying regulation and lowering administrative burdens.

The Dutch Presidency also wants to make its mark on sustainable mobility by promoting an intelligent traffic system, autonomous driving and the use of sustainable fuels such as LNG and organic kerosene. Furthermore, urban development will be a focus area that impacts environmental and transport issues and will be discussed during the combined informal Transport and Environment Council meeting.

Telecommunications

Strengthening the internal telecommunications market through a free and open Internet is essential for the Dutch government. The Presidency aims to create a level playing field between incumbent companies and new market entrants by a transformation of the current telecommunications, media and Internet legislation, including the abolition of roaming mobile charges.

Health

The fight against **anti-microbial resistance** is gaining momentum globally and the European Commission is working on an ambitious action plan to tackle this issue. The Netherlands will seek further measures from the EU and will aim to muster support from other European leaders. This area provides important opportunities for companies as this might lead to an increase in funding.

Moreover, the Netherlands wants to encourage a European approach on **market access rules for medicines**. The Dutch government has pledged to raise EU collaboration on drug prices during its Presidency in order to paving the way for wider co-operation between EU countries on pharmaceutical procurement and availability. The Dutch instrument of pricing arrangements could become a leader in that discussion.

Brexit

UK Prime Minister David Cameron is set to announce his plans to hold the UK referendum on membership of the EU in June 2016 at the Tory's party conference in October. That means that in the run up to that referendum, a lot will depend on the attitude not only of the Commission and European Parliament but notably also the other EU Member States. The Dutch will hold the Presidency during these discussions. They are in favour of keeping the UK in the Union and to a certain extent agree with its call to reform certain aspects of the EU (see above in the context of better regulation). This does not mean that the Netherlands would support all wishes of the UK, but it does mean that the Dutch Presidency will have a deep-rooted interest in coming to a positive agreement with the UK. Considering their own Presidency priorities, the Dutch are a credible partner for the UK, even when setting red lines.

Conclusion

With the legislative activity picking up, albeit less than in previous years, there are many key issues that need addressing. The Dutch seem well placed to shoulder that burden. As long as they are mindful of their tendency to be very direct, the Dutch Presidency could be a very successful one.

The months prior to the start of the Presidency still offer the opportunity to engage with the Dutch government on issues that will be high on the Presidency agenda. Good arguments, solid data and new perspectives can help to facilitate the often difficult negotiations between Member States and with the European Parliament; something which is very much in the interest of the Dutch Presidency.

FTI Consulting in Brussels and IvCB in The Hague are well placed to help you make contact with this important Council Presidency.

Key legislative dossiers during the Dutch Presidency

DOSSIER	LUXEMBOURG PRESIDENCY, H2 2015	DUTCH PRESIDENCY, H1 2016	SLOVAKIAN PRESIDENCY, H2 2016
Circular Economy		COMMISSION PROPOSAL Q4 2015	
Restriction of Hazardous Substances (RoHS)		COMMISSION PROPOSAL Q4 2015	
Persistent Organic Pollutants (POPs)		COMMISSION PROPOSAL 2015	
ETS	COMMISSION PROPOSAL JULY 2015		
Effort Sharing Decision for non ETS sectors		COMMISSION PROPOSAL Q2 2016	
Greenhouse Gas Emissions from Agriculture and Land-Use Change		COMMISSION PROPOSAL Q2 2016	
Energy Labelling	COMMISSION PROPOSAL JULY 2015		
Security of Gas Supply		COMMISSION PROPOSAL Q4 2015	
Better Regulation		INTERINSTITUTIONAL AGREEMENT IN Q4 2015	
Internal Market Strategy		COMMISSION PROPOSAL Q4 2015	
Copyright Directive		COMMISSION PROPOSAL DECEMBER 2015	
CMU		COMMISSION PROPOSAL SEPTEMBER 2015	
Aviation Package		COMMISSION PROPOSAL Q4 2015	
Drones		COMMISSION PROPOSAL Q4 2015	

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About IvCB Public Affairs & Stakeholder management

IvCB specialises in public affairs, stakeholder management and strategic communication. Our years of experience and expertise, plus an extensive and close-knit network in the political world in The Hague, management circles in the Netherlands and the media and civil society, enable us to provide our clients with effective solutions. Thanks to our knowledge of several sectors we understand issues in these sectors and know the playing field. Our structured and strategic approach, based on our own methodology, guarantees a result with maximum achievability. Our international collaboration with FTI Consulting gives us access to a strong network in many places that include Brussels, London and Berlin, among others. www.ivcb.nl

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