

THE PRIORITIES OF THE FRENCH PRESIDENCY

The priorities of the French Presidency are expected to be based on four main policies :

1. Migrations management
2. The energy - and sustainable development policy
3. The Europe of defence
4. The "health check" and the future of the Common Agriculture Policy (CAP)

The definition of these priorities illustrates the requirements of any incumbent Presidency of the EU. The government taking over this role is expected to ensure that progress is made on the on-going dossiers, while highlighting a limited set of specific issues, based for the most part on the political ambition of the Presidency.

Indeed, the issues related to immigration, energy and sustainable development shape the European Union agenda and dominate the inter-institutional discussions.

As the Europe of defence is still an emerging concept, any further development will require strong political impetus. A certain dynamic was launched by the French and the British governments with the Saint Malo declaration in 1998 and France will now have to put this dynamic in motion for the whole of the European Union.

The post-2013 budget the European Union is also expected to be discussed under the French Presidency. Indeed, the review of the budget allocated to the various European Union policies and in particular to the CAP was considered necessary since 2003 but kept on being delayed. On 20 May 2008, the European Commission published a proposal for the "health check" of the CAP. This initiative is expected to provide the necessary political impetus for the issue to be successfully carried forward during the French Presidency.

Beyond the implementation of a precise political agenda, the French Presidency will have to engage in the education of the citizens of Europe. This will be indispensable, but may prove insufficient, to make Europe more popular to its citizens.



ENERGY AND CLIMATE CHANGE

Having placed energy and climate change on the top of its priorities for its presidency, France seems very well aware of the importance of these issues and the important number of ongoing European Union dossiers in this area. Furthermore, having grouped energy and climate change as one priority, France recognises the links between these two issues and of the necessity of addressing them jointly.

On one hand, the French Presidency will have to ensure the good progress of the European Commission's initiatives and proposals of the past two years. On the other hand, it will need to actively participate in the ongoing international negotiations on climate change.

As it is natural during a presidency, France will aim to put a personal touch on the numerous ongoing dossiers. Specifically, France will handle the energy and climate change questions in order to meet three objectives it has set for its presidency: controlling energy consumption (energy efficiency and conservation), integrating the European Union energy market (facilitating the circulation of energy and freeing investments in the energy sector) and developing a common European voice on energy. Taken together, these three objectives fully address

the EU's general goal for a secure, sustainable and competitive energy policy.

More specifically, France will need to ensure the speedy adoption of the numerous measures initiated in the past year, notably the ones contained in the January 2007 Energy Package, the September 2007 Energy Liberalisation Package and the January 2008 Climate Change and Renewable Energy Package.

The discussions of the measures contained in the January 2007 Energy Package and in the September 2007 Energy Liberalisation Package are well underway and should be finalized before the end of the French Presidency. However, the Climate Change and Renewable Energy Package may prove to be the most difficult as it notably includes sensitive dossiers such as the review of the Emission Trading Scheme and the extension of its scope to new sectors. It also incorporates the proposal for a Directive on Renewables in order to meet the 20% target set for 2020, the "Burden sharing" Directive that will set out how the European Union emission reduction target will be shared between its Member States, and the clarification of the legal base for the Capture and Storage of CO₂ (CCS).

In addition, France will need to closely monitor

the publication of the European Commission's Strategic Energy Review which is scheduled to take place before the end of the year.

While pushing for the early adoption of these various energy and climate change regulations in the EU, France will also need to be actively involved in international conferences and negotiations focusing on a global climate change agreement. The United National Framework Convention on Climate Change (UNFCCC) conference of Bali in December 2007 set out an ambitious calendar for a global agreement to be reached by December 2009 in Copenhagen. France will need to coordinate the position of the European Union in order to be well prepared for the mid-term UNFCCC conference of Poznan in December 2008. In light of the European elections of May 2009, the position of the European Union will need to be very advanced if it is to be ready to commit to a global agreement in December 2009.

As a diplomat recently put it, "energy and climate change is enough to feed a presidency." However, in the case of the French Presidency, it is only the first of four priorities.

GENERAL AFFAIRS AND EXTERNAL RELATIONS

Immigration issues are expected to be one of the top priorities of the French Presidency. The French Minister for Immigration Brice Hortefeux already announced that the Member States will have to discuss the forthcoming "European Pact on Immigration". This text, whose content has not been displayed yet, might touch upon principles such as the refusal of massive regularisations, the harmonization of the asylum policies and the negotiations on the readmission agreements.

However, it is worth noting that the French government did not communicate on the legally binding character of the pact.

Generally speaking, the French Presidency might be willing to increase the visibility and the efficiency of the European Union on the international stage, in the perspective of the

creation of the position of High Representative for Foreign Policy.

A policy tool to reach this aim may be the increase of the budget dedicated to Defence issues. In addition, cooperation building with neighbour countries and the Mediterranean Countries might be perceived as a priority. In this respect, the French Presidency might have to get a compromise on the "Euro-Med proposals"; i.e. the initiative presented by the French government in March 2008 with the support of the Council. However, the European Parliament published a report on 14 May 2008 that watered down the French position.

On 13 July 2008, the French Presidency is expected to hold a Euro-Mediterranean Summit in Paris in order to inform on the nature of the Euro-Med proposals.

Last but not least, France is expected to pursue the development of setting up an autonomous capacity of crisis management. Its objective would be to cover the range of missions that might be devolved to European crisis management forces, from civilian to military. Indeed, specific financial and technical resources should be dedicated to crisis management operations, guaranteeing the efficiency of the missions. It would contribute to the implementation of an European Union coherent external policy, where concrete actions would follow political resolutions.

FOOD AND CONSUMER PROTECTION

As regards food, health and consumer protection, the French Presidency will have to operate in a tense and challenging international context. The rise in commodity prices, the increase in cost of the typical consumer's food basket, the food vs. fuel debate, and the increasing need to ensure a balanced diet will weigh heavily on France's ability to seal deals on key dossiers.

The reform of the CAP will certainly prove to be tricky for France. The country's farmers have always held a key role in setting the political agenda and their influence at European Union level has been felt in the past. Whilst radical reform has been promised, recent comments would suggest that France will oppose any radical changes. Furthermore, at WTO level President Sarkozy has already stated that he would oppose any agreement that sacrifices the interests of French agriculture. These discussions promise to be very interesting.

Other key dossiers under the French Presidency will include the clarification of food labelling, continuing work on obesity and healthy lifestyles as well as further European Union actions on alcohol and food additives.

HEALTH

Although public health is not one of the four framework priorities officially announced by Paris, the action of the French Presidency in this field will be very much anticipated, as France is traditionally considered a reference country in Europe for the quality of its health system and its leading role in putting on the agenda specific areas such as cancer or hepatitis.

On 1 February 2008, President Nicolas Sarkozy officially launched the French Alzheimer's Plan 2008-2012, intended to combat the disease by promoting early diagnosis and better exchange of best practices. France now plans to step up the effort on a European scale by making the fight against Alzheimer's one of its top healthcare priorities during its Presidency, with a strong focus on the promotion of Europe-wide research. The debate will also be taken further at a European conference on Alzheimer's, currently scheduled for 30-31 October in Paris. Outcomes of the French Presidency on Alzheimer's will be highly anticipated as the following Czech Presidency (January-June 2009) has already indicated that ageing would be one of its top priorities.

Pandemic preparedness should also be a significant theme of the French Presidency, as France has traditionally been very active on this issue in past years. Supportive of the 2006 proposal by the European Commission to build an emergency regional stockpile of antivirals, France is today one of the best prepared countries in Europe. The issue of pandemic preparedness will be addressed on two occasions: first, at a specific workshop on ethical considerations in a pandemic, under the patronage of the Assistance Publique-Hôpitaux de Paris and with the participation of the WHO (tentatively scheduled for September); and secondly, at a high-level ministerial conference on health security and health threats (date to be determined). Furthermore, the French Presidency will also put the spotlight on public health problems, such as anorexia and alcohol consumption amongst young people.

In addition, the French Presidency will have a vital role in dealing with the European Commission's proposal for a Directive on Health Services and Cross-Border Healthcare, which focuses

on issues related to patient mobility, and the European Commission's package of three key proposals for the pharmaceutical sector (a proposal for a directive on Information to Patients; a regulation on Modernising Pharmacovigilance for Pharmaceuticals; and a communication on the Future of the Single Market in Pharmaceuticals). Patient safety and rare diseases will also appear on the long list of healthcare issues to be taken care of by the French Presidency.



FINANCIAL SERVICES

Under the French Presidency of the EU, the following topics will be considered in the financial services/company law areas:

In the insurance field, the Presidency will aim to conclude the adoption on the new framework for insurance solvency and supervision, called Solvency II.

France also plans to kick-start negotiations on the review of the UCITS framework – undertakings for collective investment in transferable securities, or “investment funds”. A proposal by the European Commission is expected sometime in June 2008.

The French will also lead discussions on the review of the capital requirements directive, a piece of legislation adopted in 2006 which needs amending. The European Commission should table legislative proposals in October-November 2008.

More generally, the Presidency will have to give consideration to the issues of financial supervision, in the wake of the international financial crisis since mid-2007. This might include high-level work on credit rating agencies, but also continued dialogue within the ECOFIN on the need – or not – to introduce new European Union

rules on hedge funds/private equity funds and sovereign wealth funds.

The Commission will adopt in September 2008 a legislative proposal aimed at simplifying the company law, accounting and auditing acquis. The French Presidency will initiate working group meetings on this.

Finally, in the retail area, initiatives stemming from the Commission's 2007 Green Paper on retail financial services might see the light of day under France's Presidency.



TRANSPORT

Ever since the European Council of March 2007, the European Union's desire to lead by example in countering climate change has shaped the political agenda.

CO₂ emissions from the transport sector represent 20 % of the total emissions from the European Union. Consequently, European Union transport policy aims to not only improve the quality of infrastructure and provide individuals with better connections, but also to define an effective transport system, from an economic and environmental point of view.

This principle underlies proposals from the European Commission for each of the transport modes:

Aviation

The joint decision process started in December 2007, aimed at including CO₂ emissions from the aviation sector within the CO₂ emissions trading scheme (ETS), should be completed under the French Presidency of the European Union, following the second reading by the European Parliament (July 2008) or a conciliation process.

The maritime industry

In October 2007, the European Commission published a Communication covering the different aspects of its maritime transport policy.

According to the European Commission, the transfer from road transport to inland waterway transport should be favoured. The European Union should also consider the development of its own strategy to reduce CO₂ emissions, in addition to the resolutions adopted within the framework of the International Maritime Organization (IMO).

Road transport

In June 2008, the European Commission should publish a proposal aimed at revising the "Eurovignette" Directive. This new text should allow the Member States to internalise part of the external costs generated by the road transport industry throughout their networks. The joint decision process will be started under the French Presidency, whose role will be to coordinate the work of the Council, while also cooperating with the Commission and the European Parliament.

At the same time, the European Parliament will discuss a first reading of the European Commission's proposal intended to implement the strategy on the reduction of CO₂ emissions from the automotive industry. The vote on the first reading by the European Parliament is expected to take place in autumn 2008. The French Presidency will have to reconcile divergent interests

within the Council in order to arrive at a political agreement before the end of 2008.

Biofuels

Two legislative proposals are being discussed that concern, in whole or in part, the introduction of biofuels in the transport industry. The Directive on the quality of fuels and the Directive on renewable energy sources have together given rise to a debate on the application of sustainable production criteria to biofuels. The second text provides specific objectives with regard to the use of forms of renewable energy and of an intermediary objective specific to the transport industry. The Council has created a special working group to discuss the possible definition of environmental criteria for the production of biofuels. The French Presidency will have to coordinate the work regarding both these proposals in the framework of the first reading by the Council.

TRADE

France's European Union Presidency will come at a critical juncture for WTO Doha Development Agenda ("DDA") negotiations, which continue to make slow progress. Whilst the new negotiation texts proposed by Geneva in May were seen by some of the WTO's 152 members as potential catalysts for an agreement, most European Union Member States are sceptical – especially those with strong agricultural sectors such as France and Ireland.

French agriculture Minister Michel Barnier, who was 'not reassured' by the new agriculture text, is expected to staunchly defend France's powerful farming lobby whilst French Secretary of State for Trade, Anne Marie Idrac, is likely to push for greater market access for France's industrial products. Whether or not European

Union Member States take heed of European Union Trade Commissioner Peter Mandelson's repeated calls for a deal to be struck before 2009 – when a new European Commission and US President, will be appointed - will depend on the will of the French Presidency to broker a solution.

The DDA round will not be the French Presidency's only trade challenge. The EU's bilateral European Union free trade deal negotiations have also been moving slower than hoped. This is partly because they are dependent on the outcome of the DDA negotiations, but also because of outstanding differences. The European Union gave recent India proposals for European Union market access a 'cautious welcome'; Peter Mandelson has come under harsh criticism for its

interim Economic Partnership Agreements with ACP countries; and European Union Central American and Andean negotiations continue to stall over bananas.

Finally – set against the backdrop of a predicted recession in the US, a slowdown in economic growth in Europe and a global food crisis - France's diplomatic skills will also be required for a number of high profile European Union trade disputes. Whether they be about the legality of the EU's preferential ACP banana regime, European Union anti dumping investigations into Chinese steel or transatlantic disputes about air-line ownership and chlorinated chickens; these ongoing disputes, the DDA round and ongoing bilateral negotiations will keep French trade negotiators busy until the end of 2008.

COMPETITION

Last summer, during the June 2007 European Summit, the freshly elected President Sarkozy caused quite a stir in the European Union Competition policy community by stating: " nous avons obtenu une réorientation majeure des objectifs de l'Union. La concurrence n'est plus un objectif de l'Union ou une fin en soi, mais un moyen en service du marché intérieur." ("We have defined a major re-orientation of European Union objectives. Competition is no longer an European Union objective or a final goal in itself but rather a tool at the Common Market's service").

Sarkozy's statement sparked curiosity and surprise in Brussels triggering substantial resistance from business leaders, competition regulators, academics and European Commission officials. Should this attitude have continued or intensified we could expect quite some nervousness about the French Presidency in European Union Competition circles. Now however, almost a year later, the effects of this statement (based on the (re-) moving of certain clauses from the Lisbon Treaty) seem quite limited and it is very much business as usual.

While France has, in the past, certainly had a few run-ins with the Commission about "fair competition" versus "national champions" there is to date no indication that the French Presidency will seek to address such issues. Instead the Presidency has identified less controversial themes such as "Consumers and competition policy" and "Innovation and Competition Policy".

In competition circles, discussions are often sparked by controversial cases such as sensitive cross-border mergers or large scale anti-trust abuses. Should such cases emerge during the French Presidency it will be interesting to see whether President Sarkozy decides to leave it to the Member State and Brussels bureaucrats to handle, or whether wishes to take a position. As we have seen in the past, the latter could make things quite interesting.



TELECOMMUNICATIONS

Under its Presidency, France will have to handle a number of highly political topics in the ICT area.

France will actively guide the inter-institutional process of adoption of the new regulatory framework proposed by the European Commission in November 2007 - the so-called Telecoms or e-Communications Package. Negotiations, which are expected to be difficult, should however be concluded under the French Presidency. Discussions on the extension of the scope of "universal service" in electronic communications will take place, on the basis of a Commission Green

Paper/Communication on the subject, which is expected in September 2008.

The French Presidency will continue work on the mid-term review of the i2010 strategy (launched by Slovenia in the first half of 2008). The French will also prepare the formal Communication on this topic that will be presented to the Spring European Council in 2009.

On radio frequency identification (RFID), France should kick-start debates on a forthcoming Commission Communication aimed at clarifying the regulatory challenges posed by this new technology. The policy document should be adop-

ted in July 2008. It will focus, in particular, on privacy, trust and governance. The Presidency, in cooperation with the Commission, will host a conference on RFID in Nice on 6-7 October 2008.

Finally, ahead of its deadline (December 2008), the Commission has just launched a consultation on the review of the functioning of the Roaming Regulation adopted in June 2007. The report on the consultation, to be published shortly after the summer, might well include proposals for the regulation of roaming charges related to data communication services (SMS/MMS).

HILL & KNOWLTON

OPINION WAY

SURVEY

As France, for the last time in the present institutional framework, takes over the Presidency of the Council of the European Union on 1 July 2008, Hill & Knowlton commissioned an opinion poll by the Opinion Way Institute with a representative sample of the French population in order to assess the perception of French citizens of the influence of their country in the EU.*

The French consider Germany to be the most influential country in Europe.

Out of the 27 Member States, the French only consider 16 countries to have an influential role in Europe, with Germany (72 %), France (14 %) and the United Kingdom (8 %) ranked as the top three. Respondents believe that Germany in particular is an economic, political and demographic force, as well as the only true supporter of the Union (as it was one of the few countries to have approved the Constitution). Germany's influence is further underpinned by the Chancellor's initiative.

France is perceived as gradually losing its influence.

With most answers being overall "rather unfavourable" with regard to French influence over the last five years, France occupies the second place, well behind Germany. According to those interviewed, Based on the interviews conducted, 44 % of French citizens believe that French influence has decreased, whereas 41 % think that it has remained unchanged, citing the country's history and its geographical situation as contributing factors. This pessimistic opinion was higher among older respondents.

However, the election of Nicolas Sarkozy seems to modify this pessimistic perception: 32 % of those questioned think that France's influence in Europe has increased since last May, compared to 22 % who think that it has decreased.

Disconnect between the French areas of influence and citizens' expectations

The areas where France is perceived to have the most influence are foreign policy, defence and security, agriculture, cultural affairs and the environment. Nevertheless, respondents found that the most important areas of influence are the economy, monetary policy, the labour market and foreign policy. Thus, the survey has found that France's role in Europe remains important regarding international issues, but is weaker regarding key economic issues, which are perceived as of major importance in the EU.

Are the French companies defending their interests well enough?

According to the poll, 70 % of interviewees estimate that French companies do not do what is needed to influence the decisions made by the European Union. In order to correct this lack of influence on the part of French businesses, the French consider that joint action between European businesses in the same sector of activities is the best remedy, much more than opening offices in Brussels or the defence of private interests by the state.

Complete results of the poll available on www.hillandknowlton.be

*The poll was conducted on 19 and 20 March 2009 with a sample of 1003 persons representative of the French population aged 18 years and above.

“*opinionway*”

TRATADO DE LISBOA

PORTUGAL 2007



THE LISBON TREATY

The context

On 13 December 2007, the 27 European Union Heads of State signed a new Treaty in Lisbon. This Lisbon Treaty represents the outcome of five-months of negotiations begun during the July 2007 Intergovernmental Conference. Supporters of the Lisbon Treaty considered its adoption the most efficient way to overcome the institutional and political deadlock the European Union has been experiencing since the rejection of the Constitutional Treaty by France and by the Netherlands in 2005.

The European Union is currently operating under the rules of the Nice Treaty that had been designed to temporarily aid the functioning of EU-27. Indeed, European Union leaders made clear at the time that a new Treaty should be drafted to reform the EU's institutions and smoothen its operation.

The Institutional changes

The European Commission

With the entry into force of the Lisbon Treaty, the number of European Union Commissioners is expected to be limited to 15 as of 2014. This provision might constitute an additional safeguard for the independence of the European Commission. Indeed, the independence of the Commissioners is strengthened by the abolition of the current rule "one Commissioner for one Member State", as it puts an end to any reference to national affiliation.

From an operational perspective, 15 Commissioners in charge of 15 portfolios would maintain the coherence and the productivity of the college of Commissioners' work, by giving priority to horizontal portfolios, instead of splitting the issues.

In addition, the double-hatted post of High Representative of the European Union Foreign Affairs and Security Policy is expected to replace the current European Union High Representative for Foreign Affairs and the European Union Commissioner for external relations and Foreign Affairs. The newly created position will also be linked with the position of vice-president of the European Commission. Last but not least, the official appointed to this position will preside over the General Affairs and External Relations Council. It is hoped that this institutional innovation will build a bridge between the Council and the European Commission and therefore lead to a coherent approach on international relations.

The Council

A vote by qualified majority will require a double majority: 55% of the Member States' votes which should represent 65% of the EU's population. However, a minority of European Union Member States will be entitled to call on the "Ioannina clause", i.e. the right to suspend a vote when it involves the "essential interests of the Member State" and thus to apply increased pressure on certain decisions taken by qualified majority.

The European Parliament

The Lisbon Treaty also introduces a Council President, who would be in charge of chairing European Union Summits for two-and-a-half years instead of the current six-month rotation.

According to the Lisbon Treaty, the total number of voting MEPs should not exceed 750, even following further enlargement of the EU. The President of the European Parliament will not be considered a voting Member (which

means that the European Parliament will technically count 751 members). It is worth noting that national parliaments will be granted the right to raise objections against draft European Union legislation, which introduces a further control mechanism in line with of the principle of subsidiarity.

Regarding the decision-making process, the co-decision procedure will be extended to new policy areas, thereby strengthening the role of the European Parliament. This trend towards the further involvement of the European Parliament will also be reflected by the suppression of the "pillar structure" and the incorporation of the Justice and Internal Affairs as well as the External Affairs policies into the community pillar. (EU policies are currently split among three pillars, each of them corresponding to a certain degree of involvement of the European Commission and the European Parliament.)

The political challenges

In the context of the crisis that was triggered by the French and Dutch referenda on the Constitutional Treaty in 2005, the Lisbon Treaty is seeking to facilitate coordination between the Member States. It also aims to boost the EU's presence and representation on the international stage with the permanent Council President and the High Representative of the European Union Foreign Affairs.

Following the same logic, the European Parliament, as the Assembly directly representing "EU citizens", will elect the President of the European Commission. The candidate will be proposed to MEPs by the Council, taking into account the results of parliamentary elections.

Although the symbolic outreach of these measures should not be underestimated, it might not lead to a renewed interest of European Union citizens for the European Union as such. However, the new institutional rules might enable a quicker decision-making process, while the new objectives of the European Union, e.g. climate change and energy solidarity might enhance its proximity to citizen's concerns. In addition, the developments of "check and balances" between the European Union institutions involving the national parliaments is one of the characteristic features of democracies.

One of the objectives of the Lisbon Treaty is to facilitate the decision-making process at EU-level, with a view to forthcoming enlargements. Any delay in the ratification process, which will hopefully be achieved by the end of 2008 or any suspension of this process would deal a serious blow to the functioning of the European Union and the prospect for further enlargement.

On 12 June 2008, Irish citizens rejected the Lisbon Treaty by referendum. On 16 June 2008, the EU Ministers of Foreign Affairs discussed the policy options that would possibly enable to avoid a political crisis, such as the blow dealt by the French and Dutch negative referenda on the Constitutional Treaty in 2005. The Ministers suggested three options: enhanced cooperation between a small group of Member States, the implementation of the Lisbon Treaty in 26 Member States (Ireland would be exempted) or the renegotiation of the Treaty and the organization of a second vote in Ireland. While it may still be too early to tell which option will eventually be chosen, one of the main objectives of the French Presidency, will be to avoid the suspension of the ratification process and a new political stalemate in the EU.