

Think
Visegrad
V4 Think-Tank Platform

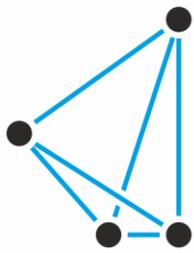
POLICY BRIEF

2017/January

Think Visegrad in Brussels

Council Presidency and Brexit: from unexpected calm to likely storm

Vladimir Bilcik



Introduction

By late June 2016, it seemed that the UK decision to leave the EU would capture the dynamics of Slovakia's first-ever EU Council Presidency. In reality, however, the very topic of Brexit hardly affected the Council business in the latter half of 2016. Although the UK has turned out to be a constructive partner so far, the anticipated trigger of Article 50 negotiations in March 2017 is still likely to shake up the EU project in unprecedented ways. It is therefore worth breaking down the issue of Brexit against the backdrop of wider context of EU agendas and divisions, including the current role of Visegrad states in European politics.

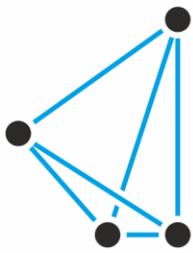
British search for a plan

First, the work and insights of the Council Presidency reveal different layers of the Brexit process. Most media reports have focused on the politics of bargaining between London and Brussels. Public discussions have largely focused on the questions of whether, when and how the UK can define what it wants vis-à-vis the EU upon London's departure. However, messages from diplomats in Brussels¹ suggest that until the UK government determines what it prefers, British diplomats in the EU would remain a constructive part of Council negotiations.

Several direct protagonists of Slovakia's EU Council Presidency have underlined how representatives of member states in Brussels managed to separate the issue of Brexit from regular Council agenda. Although, upon the results of the UK referendum, many thought that Slovakia's agenda for EU Council Presidency would be completely derailed by the possible consequences of the British referendum, the UK decision did not sweep aside original priorities. In short, the Council Presidency operated under business as usual.

This was largely thanks to the fact that Great Britain did not have a readymade plan for leaving the Union. Also, the EU itself did not maintain such a contingency plan and showed no interest in drafting one until necessary. Meanwhile, the Council Presidency strictly kept to the EU position of "no negotiations without notification".

¹ Based on direct interviews with several diplomatic figures executing various aspects of Slovakia's EU Council Presidency in the fall of 2016.



Consequently, the United Kingdom kept a low profile in the Council. On a personal level, many British people in Brussels were initially shocked and touched by the results of the referendum. On the diplomatic front, the UK representatives did not wish to undermine intra-EU dynamics any further while digesting the Brexit vote and preparing for negotiations on future relations between London and Brussels.

In specific terms, the UK showed a very constructive approach to discussions on the EU budget for 2017, as well as on Multiannual financial framework (MFF). London also helped approve a new agreement on the European Fund for Strategic Investments (EFSI) that – among other issues – opens a new line of financing for projects in the field of security and defense. Overall, the UK has become less visible in the Council by engaging more positively as well as by keeping a greater distance from certain issues.

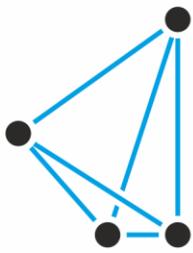
It is also worth noting that not all British interests have been about the management of disintegration. While preparing for Brexit, the UK indicated interest for opting into a revised Europol framework.² Hence, Britain's practical cooperation on security matters is likely to continue with greater intensity, even in parallel with difficult talks on the terms of British departure from the EU.

Strategic pre-positioning

While the UK has proven a constructive player on several aforementioned EU issues, on certain topics London has already started to behave as a future third country. For instance, the Slovak EU Council Presidency did not move forward the legislative process on money market funds. In financial matters, the UK decided not to cooperate with the rest of the EU since any new arrangements might disadvantage the future position of the UK after Brexit.

Equally, the European Commission began to anticipate Brexit negotiations. Since the UK referendum, the Commission has been much more careful not to table or push major labor market or social policy proposals. Namely, work on the posted workers directive has been postponed, and efforts to coordinate social systems across the EU also slowed down. Mindful of potential spill-over effects of such divisive issues on the Union of 27 member states, the Commission has acted in a rather restrained manner on social policy matters since Slovakia took over EU Council Presidency.

² <https://www.gov.uk/government/news/parliament-notified-of-europol-opt-in-intention>



But while careful to prevent further intra-EU divisions, the Commission alongside the Council Presidency pressed for a united EU front in negotiations with Switzerland about future free movement of labor from the Union into Switzerland. The Slovak EU Council Presidency aimed to manage a deal with Switzerland on free movement of labor from the Union. The Swiss, based on a result of a referendum from several years ago, were keen to curtail access of EU citizens to labor market in Switzerland. The debate was resolved at the end of the Slovak Council Presidency when Switzerland amended its domestic law in accordance with EU rules.³

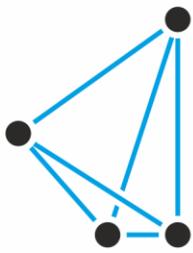
The Swiss case possibly creates an important precedent in addressing the consequences of the UK exit. As things stand in the case of EU-Swiss relations, the UK could not discriminate against other EU nationals if it wishes to retain access to the EU's common market. And it was up to Switzerland to adopt compliant domestic legislation. The EU was against engaging Bern with countermeasures. Brussels rather preferred to apply quiet pressure and wait until Switzerland changed its own laws. The new Swiss legislation is more flexible but still does not discriminate against applicants for jobs from European Union member states.

In short, the Swiss found a solution that preserves the principle of four freedoms albeit with looser domestic rules. The point is that we could see a similar approach by the Commission and member states in future talks with London. On tough issues and strict EU red lines about preserving the single market, arrangements with EFTA countries (or the EEA as well) may play an important role in approaching the divorce with the UK. And the Slovak EU Council Presidency withstood the test of EU cohesion in negotiations with Switzerland.

Preparing for EU-27

The precedent set by EU negotiations with EFTA countries points to a larger challenge: how to keep the EU at 27 working together. This will be no easy task, as the gradual withdrawal of the UK from active engagement in Brussels has been accompanied by some distinct dividing lines among the remaining member states. While internal EU divisions across policy fields are nothing new in Brussels, Brexit opens up a hitherto unknown possibility of potential EU decay as a result of rising political divisions inside the European club.

³ <https://www.ft.com/content/05ec46f0-c394-11e6-81c2-f57d90f6741a>



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Therefore, in addition to managing day-to-day operational business in Brussels, the Slovak Council Presidency, in close coordination with the President of the European Council and the European Commission, opened informal talks on the future of the EU at the highest political level during the Bratislava summit in September 2016, where leaders of 27 member states adopted a joint Bratislava Declaration and Roadmap⁴.

The strategic goal of the Union's survival must combine the preservation of Europe's achievements so far and at the same time define a new and widely shared *raison d'être* for the future EU. The common European glue, however, may be difficult to make and to maintain. The Bratislava summit conclusions received immediate and open criticism from the Italian and Hungarian Prime Ministers.⁵ By December 2016, the outcomes of the Bratislava process created generally modest political expectations that are expected to culminate in 2017, at the 60th anniversary of signing the Treaty of Rome.

In Brussels, in the run-up to the summit in Bratislava, as well as in its follow-up activities in addition to regular EU business, Slovakia's Council Presidency has begun to meet in working diplomatic formations of EU-27. Both political and operational aims of the Council Presidency and other EU institutions have been to isolate the case of UK departure from the EU. Today the overriding interest of EU institutions is to keep the remainder of the Union together. As a part of this goal, the EU is not to ponder or address in any way possible implications of Brexit until the UK tables its priorities.

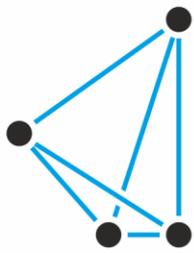
The V4 in a shrinking Union

The experience of Slovakia's EU Council Presidency already suggests that internal EU problems may not get any easier with the departure of a traditionally "awkward partner". Brexit opens two important questions for intra-EU cooperation in general and regional Central European cooperation in particular.

One is about direct negotiations on the terms of UK's departure and especially on the terms of future EU – UK relations. This is an area where Visegrad countries may be able to find some common ground especially when it comes to protecting the benefits of the EU's Single Market. All V4 countries already share an interest in preserving the free movement of labor across the EU and into the UK, provided that

⁴ See for details <http://www.eu2016.sk/en/press-releases/bratislava-summit-outcome-bratislava-declaration-and-roadmap>

⁵ <https://www.euractiv.com/section/global-europe/news/renzi-steps-up-attack-on-eu-and-merkel-after-boat-trip-bratislava-summit>



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the UK keeps access to the EU Single Market. Equally, one could anticipate a fairly clear voice from the V4 calling for open trade in goods between Brussels and London after Brexit.⁶ Also, on a more strategic level, the V4 countries are likely to support British cooperation and engagement in Europe's future security architecture - including its defense pillar.

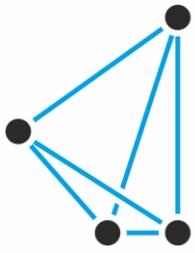
The second and bigger question about the Visegrad cooperation concerns the degree of V4 glue and common stance vis-à-vis the EU after Brexit. This remains an open issue, both structurally with Slovakia being in the Eurozone and the Czech Republic closely integrated with German economy, and politically, especially with some distinctly limiting positions about the EU articulated by the current Hungarian and Polish governments.

Visegrad cooperation at the working level did not really operate in Brussels during the Slovak EU Council Presidency. Slovakia's role in the latter half of 2016 was to serve the EU as an honest broker on a range of political and legislative questions. The role of the Presidency is not to translate national or regional preferences at the EU level, especially if these stand little chance of fostering a greater consensus. For instance, in discussions about EU migration and asylum policies, Slovakia was under pressure from both Italy, keen on more EU solidarity, and other V4 countries that held on to a strict position against the obligatory relocation mechanisms of asylum seekers across the EU. During the Council presidency, Slovakia heavily revised the V4's initial political position on flexible solidarity towards countries affected strongly by migration, to a possibly more inclusive EU proposal for effective solidarity.⁷ Yet, despite efforts to have a calmer discussion in the Council, Slovakia's Presidency did not manage to move the Union closer to a wider agreement on how to handle migration.

Migration represents just one example of the challenges ahead and a symbol of the prevailing regional and intra-EU fragility around strategic issues that have tarnished both the EU's image and ability to perform in recent years. The EU is now at a point of collective brainstorming when it comes to migration, security, defense and Europe's future at large. In this context, common V4 positions are selective. Even if the V4 sometimes exerts a strong political voice, there is often little cooperation inside COREPER on a range of issues. Particular national interests and needs dominate the day-to-day agenda not just in migration but also in climate, energy, budgetary or foreign policy issues.

⁶ See this new ebook for a good overview of possible member states' interests vis-à-vis the UK: <http://voxeu.org/article/new-ebook-what-do-uk-eu-perspectives-brexite>

⁷ <https://euobserver.com/eu-presidency/135981>



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As the Slovak EU Council Presidency helped to solidify the Union in a number of areas prior to actual dealings with Brexit negotiations, the Visegrad group now faces its own task to formulate a collective *raison d'être* with respect to post-Brexit EU. As some individual positions already indicate, this will be no small or easy matter.

Vladimir Bilcik

Vladimír Bilcik heads the EU program at the Research Centre of the Slovak Foreign Policy Association (SFPA) and lectures on European integration and international relations in the Department of Political Science, Faculty of Philosophy at Philosophical Faculty at Comenius University in Bratislava. In the past he advised Slovakia's governmental representative in the Convention on the Future of Europe (2002 – 2003). His research focuses on the role of EU member states, governance and legitimacy issues in the EU and the Eastern Partnership. He studied at Swarthmore College (B.A.), University of Oxford (M.Phil) and Comenius University (PhD).