

## Policy recommendations for the Slovenian Council Presidency: Time to move forward

*Trans European Policy Studies Association (TEPSA)*

### Executive Summary

> During the second semester of 2021, Slovenia will be holding the Presidency of the Council of the European Union. The Trans European Policy Studies Association (TEPSA) prepared a set of recommendations for the incoming Presidency.

> Generally, the Slovenian Presidency is well advised to aim for a comprehensive and future-oriented recovery; tackle the question of the European Health Union; keep up with the implementation of the Conference on the Future of Europe; and give substance to the talks on European strategic autonomy.

> On the important issue of digitalization in the EU, Slovenia can promote complementary sectorial harmonisation schemes to ensure the ethical, but also robust development of new emerging and disruptive technologies, in line with the demands of the new EU cyber strategy.

> The Slovenian Presidency will also have to ensure a coherent pursuit of EU energy diplomacy and external policy to support the Green Deal. In addition, the Slovenian Presidency should take advantage of the upcoming UN climate conference COP26 to collaborate with like-minded countries and pressure those reluctant to reduce emissions at home and/or in their foreign investment.

> Finally, in relation to EU enlargement in the Western Balkans, the Slovenian Presidency should work to translate the EU's commitment to a revival of its enlargement policy into action. To do so, the EU should open negotiations with Albania and North Macedonia and support an effective response to the COVID-19 pandemic in the region.

On 1 July 2021, Portugal will hand over the Presidency of the Council of the European Union (EU) to Slovenia. The Trans European Policy Studies Association (TEPSA) has a tradition of formulating recommendations to incoming Presidencies. TEPSA's advice draws on the expertise of a network of think tanks across Europe.

This policy brief initially offers an overview of the key challenges the Slovenian Presidency will be facing before focusing on providing in-depth recommendations regarding the following major issue areas: digitalisation, energy transition in third countries, and EU enlargement in the Western Balkans.

**Introduction: key challenges for the Slovenian Presidency**  
*Nicoletta Pirozzi (Istituto Affari Internazionali, Rome); Funda Tekin (Institut für Europäische Politik, Berlin); Ilke Toygür (Real Instituto Elcano, Madrid)*

On 1 July 2021, Slovenia will take over the Presidency of the Council of the EU from Portugal. COVID-19 represents one of the most severe crises the Union has ever faced, and European societies, democracies and economies are only starting to heal. After three 'Corona Presidencies' – Croatia, Germany and Portugal – the Slovenian Presidency's focus should be to start leading the Union towards its future. The implementation of "Next Generation EU", the EU's recovery package, is without doubt the most important item on the agenda. Now that all Member States have ratified the Own Resources Decision, time has come to start financing and implementing the national Recovery and Resilience Plans.

Second, the Conference on the Future of Europe has already kicked off. Citizens' panels and plenaries will take place during the Slovenian Presidency.

Third, the broader debate on strategic autonomy will also be on the table, waiting to be defined and given substance through the ongoing process of adopting the "Strategic

Compass” and new initiatives in the fields of digital, trade, finance and others. The Union has recently been pushed to have a common stance, be it against Turkey, Russia or Belarus. How to deal with these external challenges should be at the core of the discussion.

### **Time to recover**

“Time is of the essence” has been the recent mantra of Brussels’ institutions in relation to “Next Generation EU”. The Slovenian Presidency is tasked with ensuring the EU continues to run like a clockwork. The Commission is technically ready to go to the financial markets in June 2021. Additionally, time is ticking regarding the national Recovery and Resilience Plans. Both the Commission and the Council are tasked with keeping to the established timeframe to avoid further disruption in economic welfare and social well-being after the COVID-19 pandemic. At the same time, the investment plans need to be thoroughly checked in view of reinforcing Europe’s resilience, providing for an actual green and digital transition and protecting citizens and European values – because substance, just like time, is of the essence. The rule of law, as one of the core principles of the EU, should also be at the centre. The Slovenian Presidency needs to aim for a comprehensive and future-oriented recovery that includes reforms in health policy tackling the question of the European Health Union as well as the legislative package on climate and energy policy required to comply with the ambitious aims of the European Green Deal.

### **Time to talk about the future**

One of the tasks of the Slovenian Presidency will also be to keep up with the implementation of the Conference on the Future of Europe. Even if the Inaugural Plenary and the first European citizens’ event will take place in June, right before the end of the Portuguese Presidency, two other encounters (in October and December) will be celebrated under Slovenia’s auspices.

There are many issues on the agenda including the future of democracy, climate change, health policy and social justice, which require innovative thinking. The Slovenian Presidency should lead the way during all these discussions while collaborating intensely with the French Presidency to draw conclusions for the Conference. According to a Special Eurobarometer survey on the Future of Europe that was published in March 2021, a very large majority of Europeans – 92 percent – agree that EU citizens’ voices should be taken into account to a larger extent in decisions related to the future of Europe, while three-quarters of

Europeans consider that “the Conference would represent significant progress for democracy within the EU”. Taking this into consideration, the Slovenian Presidency should guarantee the proper functioning of the Conference and not disappoint the expectations of its citizens.

### **Time to set the strategic horizon**

The conceptual discussion about the EU’s strategic autonomy has outlived its function and it is time to deliver in order to ensure the credibility of the Union at the global level. This process has been accelerated by the activism of the Biden Administration and the clear signals it has sent in view of building a renewed partnership, anchored in NATO and founded on a stronger cooperation against strategic competitors such as China and Russia.

Operationalising strategic autonomy is easier said than done, as it entails both equipping the EU with adequate capabilities to respond to identified threats and defining its strategic priorities for regional and global matters. Additionally, a broader definition of external action should frame the EU’s decisions. What cannot be achieved in conventional or unconventional encounters of hard power, could be attained through trade agreements or conditionality over environmental standards.

The next six months following the EU-US Summit in June will be particularly dense in this respect, demanding crucial decisions that will show the extent of the EU’s determination to give substance to its talks on autonomy.

On capability development, the process leading to the adoption of a Strategic Compass seems to have entered a more promising phase, as new proposals have been tabled to enhance the EU’s readiness to intervene and react. These include creating a First Entry Force of 5,000 units, expanding the use of the provision of Art. 44 TEU to entrust a core group of Member States with conducting missions on behalf of the EU, strengthening command and control structures in Brussels, as well as expanding the EU’s toolbox to counter cyber and hybrid threats.

Regionally, it is time for the EU to narrow down its shopping list and concentrate on key priority actions, starting with the preparation for the Libyan general elections in December, addressing the deteriorating security and democratic situation in the Eastern neighbourhood, in particular in Belarus and Ukraine, and speeding up the enlargement process in the Western Balkans, including the start of accession negotiations with Albania and North Macedonia. This requires the Slovenian Presidency to spend some time on clearing the way for the

Western Balkans. Its plans for hosting an EU-Western Balkans Summit are therefore a very welcome initiative.

At global level, it is urgent for the EU to take a coherent stance on post-pandemic global matters such as international trade and investments, starting with the EU's deal with the bloc of Latin American Mercosur countries and the EU-China Comprehensive Agreement on Investments, as well as on a waiver for COVID-19 vaccine patents. In a world that is struggling to deal with the consequences of the pandemic, the resurgence of regional conflicts and the vagaries of power politics, a more strategic European action could be a game changer.

Along those lines, and to move forward by common action, the Slovenian Presidency should also focus on those policy issues that represent important drivers of a post-pandemic world. Hence, three policy fields deserve more detailed recommendations: first, the EU's digital sovereignty; second, externalising the European Green Deal through energy transition in third countries; and third, reviving EU enlargement.

#### **A Europe ready for action: stepping on the gas for the accelerated digital era**

*Andrea G. Rodríguez (Barcelona Centre for International Affairs)*

Europe expects to start the recovery process during the period of the Slovenian Presidency. In the digital field, the Portuguese Presidency advanced in the development of the European e-identity and dealt successfully with the regulatory packages unveiled at the end of the German Presidency. The Slovenian Presidency will have to focus on these proposals as well as advance in the field of data, artificial intelligence, and cybersecurity. However, **these initiatives would be incomplete without a thorough look into European digital sovereignty.**

Data fuels the global digital economy. One of the priorities of the Slovenian Presidency will be to advance in the adoption of the Data Governance Act, which regulates data transfers across the Union and facilitates data donations. But, as many companies operate both in Europe and abroad, and EU citizens access services provided by non-EU companies, **it is critical to advance in the development of a new transatlantic data scheme that guarantees the rights of EU citizens.** To that end, the EU must embark on **a review of the implementation mechanisms of the General Data Protection Regulation**, which celebrates its third anniversary. These developments would enrich and

update the European data governance scheme and help advance the conception of European digital sovereignty.

Digitalisation needs the promotion of cyber resilience. The discussions around the new Directive on Security of Network and Information Systems (NIS 2 Directive) are expected to be on the agenda of the European Council in late 2021. The NIS Directive proved essential in the coordination of Member States in the identification and response to cyber incidents. The negotiations of the NIS 2 Directive should aim at improving cooperation, also at the judiciary level, and **increase the level of data sharing between stakeholders in light of the implementation of high-exposure technologies such as 5G.** This is fundamental to further protect the Union against malicious cyber attacks that target citizens, institutions, and EU businesses.

The pandemic saw an increase in the number of cyber attacks to critical infrastructure and the European population, more connected than ever, and thus expanded the EU's exposure to cyber threats. All connected devices are possible points of entry for adversaries and cyber criminals. For that reason, **it will be important to launch a campaign to promote digital hygiene for citizens and companies focusing on SMEs** as part of the efforts of the Union to improve its level of cyber resilience.

Lastly, on the development of new technologies in Europe, it is welcome to see the Slovenian Presidency focus on the advancement in the regulatory process regarding the Artificial Intelligence Act. The European approach to all things digital must remain value-driven, and the adoption of the AI Act pushes this idea into the right direction. Slovenia has the opportunity to **promote complementary sectorial harmonisation schemes to ensure the ethical, but also robust development of new emerging and disruptive technologies**, in line with the demands of the new EU cyber strategy.

Europe can emerge from the pandemic with a renewed role at the global stage and build back better to ensure open, free, and secure digital societies and a more competitive European economy.

#### **The EU needs to step up its actions to promote energy transition in third countries**

*Louise van Schaik, Akash Ramnath, Giulia Cretti and Daniel Scholten (Clingendael Institute)*

The EU is making great strides in greening its economy but realises that a successful energy transition and climate policy requires the externalisation of the European Green

Deal. Clean energy technologies have also become a new field where competitive gains are lingering and the EU's connectivity agenda benefits from exporting EU renewable energy technology standards. Picking up from the EU Council conclusions of 25 January 2021, the Slovenian Presidency will have to ensure a coherent pursuit of EU energy diplomacy and external policy to support the Green Deal.

The EU has a clear interest in catalysing the green transition in the regions close to home. Currently, the EU's neighbourhood is still an incredibly high net contributor in carbon emissions. Domestically, many of these countries have great untapped potential to produce and utilise renewable energy. For instance, Algeria and Libya have a high potential in solar energy generation, while Russia and Kazakhstan harbour wind energy opportunities, and the Western Balkans have both. However, for many states the energy transition is hampered by the vested interests of private-sector actors and third powers as well as by a fragile socio-economic context.

Much could be gained from the EU **stepping up its green diplomacy efforts**. In certain respects, this is already done. 30 percent of EU external spending needs to be climate related under the recent agreement on the nearly EUR 80 billion Global Europe Instrument (2021-2027) that is to streamline financing and lower barriers to entry for third countries. There are also efforts to step up the contribution of financial institutions such as the European Investment Bank, as well as instruments such as the Structural Reform Support Facility and Green Growth Fund, which can be more viable and greener alternatives to Chinese investments.

Outside of greening financial flows, it is important to send a strong statement by **committing to a definite end to coal usage domestically and a stop to all public backing for fossil fuel investments** to clearly underline the EU's commitment to the transition. Additionally, to support financing efforts, new monitoring and learning tools are required to ensure efficacy of spending.

**The EU should be careful with its Carbon Border Adjustment Mechanism (CBAM)**, which is considered by many third countries as protectionism in disguise. Instead, by expanding the EU Emissions Trading Scheme (ETS), as envisioned in the Green Agenda for the Western Balkans, countries can yield revenues for transition through the auctioning of emission credits.

Finally, **the Slovenian Presidency should take advantage of the upcoming UN climate conference COP26**, organised by the UK and Italy in November 2021 in Glasgow, to collaborate with like-minded countries and pressure those reluctant to reduce emissions at home and/or in their foreign investment.

These efforts should provide a clear message to third countries about the EU being serious about the green energy transition, not only at home. It is ready to provide an alternative to Chinese or Russian investments that may leave countries with a huge carbon lock-in, potentially stranded assets, and an unwarranted debt. By balancing the carrots with the sticks, the EU needs to show it is firm on decarbonisation, but also a willing and inclusive partner for those states that are still struggling to transition.

### **Reviving EU enlargement: fostering reform, not box-ticking**

*Natasha Wunsch (Centre for European Studies and Comparative Politics – Sciences Po)*

Slovenia has decided to make the EU's relations with the Western Balkans a priority of its Presidency. As the region's closest neighbour – not just geographically, but also politically – Slovenia has a chance to use the coming six months to finally break the year-long deadlock of enlargement policy and set the EU's engagement in the region on a new course.

The Western Balkans have drifted on and off the EU's radar for the past decade. Following the European Commission's Western Balkans' Strategy of February 2018 and the adoption of a 'new methodology' for enlargement two years later, the Slovenian Presidency should work to translate the EU's commitment to a revival of its enlargement policy into action. It should strive to realise concrete progress on the institutional accession process, but also to engage beyond the enlargement framework to foster broad participation in local reform processes and to support an effective response to the COVID-19 pandemic in the region.

### *Open negotiations with Albania and North Macedonia*

The Slovenian Presidency should facilitate the confirmation of the Commission's negotiating frameworks for both countries and oversee the launch of formal accession talks with Albania and North Macedonia. This step will serve to materialise the long-promised "credible membership perspective" for all Western Balkan countries. At the same time, formal negotiations will allow the EU to pinpoint ongoing weaknesses and thus offer a reference point to

citizens in the region, mobilising to support domestic reform processes.

#### *Engage beyond the governmental level to strengthen non-executive institutions and civil society*

Government leaders and ministerial officials are still the privileged and often exclusive interlocutors for the EU in the Western Balkans. To support sustainable and broadly supported reforms as well as effective implementation, the Slovenian Presidency should enhance EU collaboration with parliamentarians and administrative staff and build forums bringing together institutional representatives with relevant civil society organisations and organised interests to foster more participatory policy-making.

#### *Support an effective response to the COVID-19 pandemic*

The pandemic has further exacerbated vulnerabilities in the region and deepened the development gap between the EU and the Western Balkans. The Slovenian Presidency should provide direct support to local health systems and

ongoing vaccination campaigns, but also prepare more long-term measures to redress the pandemic's political and economic impact in the region.

By using its regional expertise and ties in the Western Balkans wisely, the Slovenian Presidency can initiate a step change in the EU's engagement with the region, shifting from stagnation and box-ticking to in-depth reform and valued partnership.

## Further Reading

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## About the Authors

The Trans European Policy Studies Association (TEPSA) is a network of think tanks across Europe of which the College of Europe is an associate member. TEPSA has a tradition of formulating recommendations to the incoming Council Presidency. These recommendations are formulated by experts from the TEPSA network, without necessarily representing the views of TEPSA or its Member Institutes. The contributions to this policy brief were compiled by Nicoletta Pirozzi, Funda Tekin and Ilke Toygür. **Nicoletta Pirozzi** is Head of Programme on European Union and Institutional Relations Manager at the Istituto Affari Internazionali (IAI) in Rome. **Funda Tekin** is Director of the Institut für Europäische Politik (IEP) in Berlin. **Ilke Toygür** is Analyst of European Affairs based at Elcano Royal Institute and Adjunct Professor of Political Science at Carlos III University of Madrid.

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