



FRENCH PRESIDENCY OF THE COUNCIL OF THE EU

Key takeaways for AmCham Members

December 7, 2021



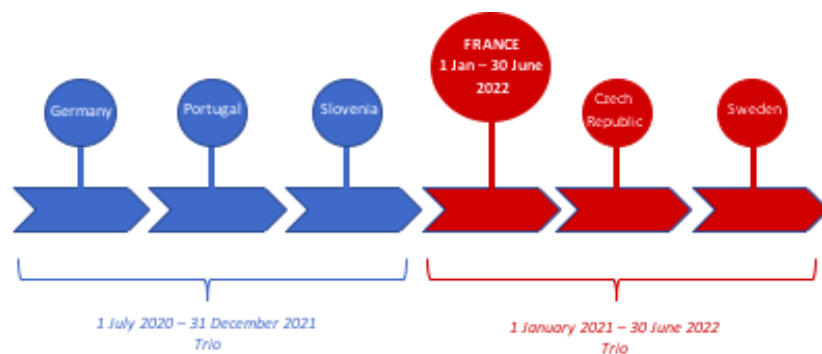
INTRODUCTION

"Recovery, Power, Belonging"

France will hold the presidency of the Council of the European Union (FPEU) **from January 1 to June 30, 2022**. The presidency of the Council of the European Union is an 18-month plan shared between three successive presidencies.

As part of the **new "trio"** that will lead the presidency from January 2022 to June 2023, **France** will structure the Council agenda together with the **Czech Republic** and **Sweden**. The 2019-2020 trio was held by Germany, Portugal and Slovenia respectively.

For France, this will be its **13th presidency** of the Council and its first since the Lisbon Treaty came into force on 1 December 2009.



THE ROLE OF THE FPEU

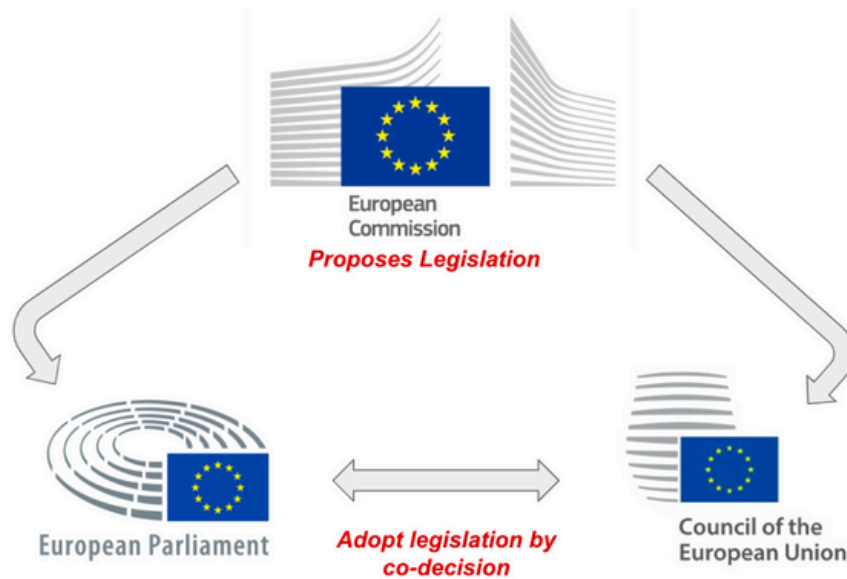
The **Council of the European Union** plays an important role in the EU decision-making process. Some of its key roles include **coordinating** member states' policies and **negotiating/adopting** EU laws together with the European Parliament. **No legislation can be approved without Council consent.**

Formally, the presidency has two main tasks:

- **Setting the agenda and chairing meetings** in the Council and its preparatory bodies (except the Foreign Affairs Council)
- **Representing the Council** in relations with the other EU institutions.

THE ROLE OF THE FPEU

The key role of the President of the Council of the European Union is above all to act as a **facilitator of European compromise**. The priorities set by the presiding countries are not trivial as they may have an impact on the rhythm and the content of the agenda.



WHAT ROLE FOR FRANCE?

As France will have to work in close coordination with the President of the European Council and **communicate continuously with the other EU institutions**, it will have greater **influence** concerning which issues should be put on top of the **EU agenda**.

One of the embedded roles of the EU presidency is to be an effective negotiator in managing to find and **build consensus** to pass relevant legislation, giving France a certain influence over **decision-making**.

WHO ARE THE MAIN ACTORS OF THE FPEU?



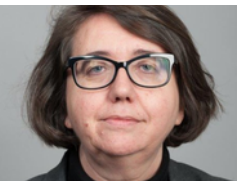
- President **Emmanuel Macron** : In charge of **representing France** at the Council.



- **Cabinet ministers** : In charge of **chairing the 9 different Council Committees** relevant to their policy area (excluding foreign affairs).



- **Clément Beaune** (Minister of State for European Affairs) : One of the main person in charge of **drafting the French presidency agenda** and overseeing its implementation.



- **Sandrine Gaudin** (General Secretary for European Affairs) : Under the authority of the Prime Minister, in charge of **coordinating and unifying the executive's position** at the EU level.



- **Philippe L glise-Costa** (French ambassador to the European Union) : In charge of **chairing COREPER** (Committee of Permanent Representatives in the European Union). Mr. L glise-Costa will serve as the **main link between French and EU institutions**.



- **Xavier Lapeyre de Cabanes** (Director of the General Secretary for the French Presidency) : In charge of **organising meetings and events related to the FPEU** taking place on the French territory.



- **Jeppe Tranholm-Mikkelsen** (Secretary-General of the EU Council) : **Key interlocutor for France**. The General Secretariat of the Council is in charge of providing the rotating presidency with **continuous assistance** in the **organisation and chairing** of the different institutional meetings.

WHAT ARE FRANCE'S PRIORITIES FOR 2022?

The **detailed program** of the upcoming French presidency will be officially presented by President Macron in Strasbourg, on **19 January 2022**, during the EU Parliament plenary session. As of now, **Macron** provided a general overview of the French **priorities** on **9 December 2021** during a press conference. The President divided his overall strategy into three main axes: a more **sovereign**, a more **prosperous** and a more **humane Europe**.

The government has made it clear that it will structure its European agenda under the motto: “**recovery, power, belonging**”. In addition, during an interview held on November 22, 2021 with Politico, Secretary of State for European Affairs Clément Beaune specified that France’s **three main policy priorities** for its presidency will concern **climate, digital, and social issues**. More specifically, the following topics are going to be key for both the French presidency and AmCham members:

1

Climate: CBAM-ETS-Biodiversity

- The main legislative texts relating to the EU Green New Deal will be presented to the Council and Parliament before Summer 2022, including those relating to the **Carbon Border Adjustment Mechanism (CBAM)** and the **EU Emissions Trading System**. France will also oversee the implementation of the new **EU Common Agricultural Policy (CAP)**, approved on 25 June 2021.
- Secretary Beaune particularly emphasised France’s objective to find a deal at the EU level and **instate CBAM within the Union**. Specifically, he stated that an agreement should first be found on sensitive goods such as **steel** and **electricity**. To him, priority should be given to the establishment of CBAM at the EU level and to open an **international debate at a later stage** to include other actors willing to follow along.

WHAT ARE FRANCE'S PRIORITIES FOR 2022?

- President Macron also prioritises the **protection of biodiversity** and is in favour of an agenda able to **fight against "imported deforestation"**, in order to defend the excellency of EU agricultural methods.

2

Digital Transition: DMA-DSA-EU digital market

- During Spring 2022, two main reforms will be discussed: the **Digital Markets Act (DMA)** and the **Digital Services Act (DSA)**.
- In general, to boost innovation, Secretary Beaune called for **more public support for digital companies in their initial phase**, especially from the EU Investment Fund. In terms of specific digital sectors, Secretary Beaune stated that the **cloud** should be one of the industries that should benefit from more public economic support.
- President Macron favours the establishment of a true **EU digital market**, to provide digital companies with an open and dynamic environment and **increase EU attractiveness**.
- France will be in charge of **overseeing** the recently approved **OECD agreement on Multinational Enterprises taxation**. The official text will be discussed first at the ECOFIN Committee.

3

Social: Minimum Wages-Pay transparency-Gender balance

- Prime Minister Castex expressed, last August, France's support for the **EU directive on adequate minimum wages** in order to create the necessary conditions to have an increase in EU salaries.

WHAT ARE FRANCE'S PRIORITIES FOR 2022?

- Secretary Beaune stated that France aims at finding an EU agreement to establish the **first international standard to protect gig economy workers**.
- Concerning corporate social responsibility issues, France supports the **EU directive on pay transparency**, and the approval of the **EU directive on gender balance on corporate boards**.

4

Economy and Trade: Growth model-EU budget-Recovery Plan

- Macron supports the **creation of a new EU growth model** with two priorities: **building strong and connected EU industrial supply chains** and **creating more European jobs and champions**. France wants to focus especially on hydrogen, batteries, space, semi-conductors, cloud, defence, health and culture industries.
- France favours the establishment of an **EU industrial alliance**, in order to focus investment on the **building of more industrial plants** and prioritise **EU industries for public procurements**.
- To sustain this effort, France wants to gather **new ideas** around the future of the **EU budget** and **EU financial rules**, in order to have a **stronger capital market** and ensure **greater private investment**.
- France will be in charge of overseeing the further implementation of the **Recovery Plan for Europe**.
- In terms of trade, Secretary Beaune specified that there is a need to **rethink EU trade agreements**, which should include more ambitious climate, food, and social standards.

WHAT ARE FRANCE'S PRIORITIES FOR 2022?

5

EU Defence: EU Strategic Autonomy-Indo-Pacific-Africa

- France wants to revive discussions on **strategic autonomy** in the defence sector. A **white paper** on the different ambitions and strategies for **EU common defence** will be published in March.
- In terms of global affairs, France intends to **foster diplomatic relations** between the **EU** and the **Indo-Pacific**, the **EU** and **Africa**, and lead a **new engagement towards the Western Balkans**.

6

Transatlantic relations: Carbon pricing-WTO-China-NATO

- Environmental issues will be at the centre of EU-US cooperation, especially on the question of **carbon pricing**.
- International trade matters such as **WTO reforms** and the agreement on a **common EU-US strategy vis-à-vis China** will also be relevant to the French presidency.
- Macron reiterated his **support for NATO**.

7

Health: EMA-ERCC-HERA-Rare diseases

- France supports the **reinforcement** of agencies such as the **European Medicines Agency (EMA)** and the **Emergency Response Coordination Centre (ERCC)** in order to improve EU crisis response capabilities. In addition, France advocates in favour of the **establishment** of the **European Health Emergency preparedness and Response Authority (HERA)**.
- France is also planning on **starting discussions** on long-term proposals to be better equipped on health issues such as **aging** and **rare diseases**, taking the recent Europe's Beating Cancer Plan as an example.

WHAT ARE EU'S PRIORITIES FOR 2022?

The political context in which the **French presidency** will take place will also be **influenced** by the ongoing and upcoming **EU legislative agenda** (Commission Work 2022 Programme).

Interestingly, **some of the identified French priorities match with the EU ones**, such as the approval of the CBAM, DMA, DSA, and the directive on adequate minimum wages.

The priorities are the following:

1

Climate

In addition to the **pending legislation** that is part of the all-encompassing “**fit for 55 package**”, which includes the establishment of a Social Climate Fund, a CBAM, and a new framework for the taxation of energy products and electricity, the Commission will take further steps on:

- Proposing a regulatory framework for **certification of carbon removals**.
- **Reviewing the CO2 emissions standards** for heavy duty vehicles.
- Setting up a legislative framework for the **harmonised measurement of transport and logistics emissions** to achieve zero-emissions mobility.

WHAT ARE EU'S PRIORITIES FOR 2022?

2

Digital transition:

Among the existing dossiers of interest to the French presidency, the **DMA file is due to be voted on** in the **EU parliament plenary** in **December 2021**. France will then be in charge of overseeing the negotiations with EU governments for its full approval.

The **DSA still has to be voted at the Internal Market and Consumer Protection Committee before being considered in the plenary**. Concerning upcoming legislation, the Commission aims at:

- Adopting a **European Chips Act** to address semi-conductors scarcity and promote an ecosystem favourable to new ground-breaking markets for European tech.
- Drafting of an action plan for an accelerated **digital transformation of the energy sector**.
- Building an EU space-based global secure communications system to offer EU-wide broadband connectivity where it is not currently available.

WHAT ARE EU'S PRIORITIES FOR 2022?

3

Economy and Social protection:

One of the main activities of the EU Council will be the **approval of the different national recovery and resilience plans**. The plans of 22 EU countries have been approved so far.

When setting the new economic policies for the upcoming year, the Commission considered an agenda that also considers the recent efforts towards the **implementation of the European Pillar of Social Rights action plan**.

The new priorities are the following:

- Providing **guidance for fiscal policy** to facilitate coordination of fiscal policies in view of Member States' Stability and Convergence Programmes
- Proposing a **recommendation on minimum income** at the EU level
- Delivering an **initiative on instant payments** to assure efficient intra-EU instant payment solutions.

WHAT HAS BEEN ACHIEVED PREVIOUSLY?

As it is sometimes difficult to completely gauge the **actual powers** embedded in the Presidency, it is useful to look at other **States' past achievements** to understand the extent to which France can both advance and influence the EU agenda.

It is however important to acknowledge that a country's presidency can highly be **influenced** by **abrupt changes** and external **crisis** that could limit its ability to focus on its pre-established policy priorities.

We will take the examples of Italy, Luxembourg, Estonia and Germany to show the **ability** of certain presidencies to both **fulfil their main objectives** and **react efficiently to external crisis**.



Italy (2014)

Demonstrates: How the rotating presidency can leverage its influence.

How: Italy strongly reacted to Timmermans' announcement that the Commission wanted to withdraw from a **proposal regulating the use of plastic bags**, as it would have put at risk the Italian government's newly approved ban on plastic bags.

Italy managed to **leverage its influence** acquired through the different compromises it established with the national governments and MEPs, and finally the proposal was not withdrawn by the Commission.

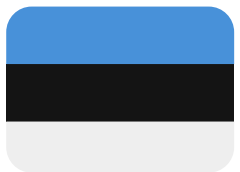
WHAT HAS BEEN ACHIEVED PREVIOUSLY?



Luxembourg (2015)

Demonstrates: **How to react to an external crisis** (2015 migration crisis).

How: Played a very **important role** in the **Council approval** to relocate up to 160.000 migrants across Europe to improve burden-sharing. Luxembourg provided **substantial mediation efforts** to **build consensus** around the measure, demonstrating once more the importance of the rotating presidency in the decision-making process.



Estonia (2017)

Demonstrates: **Subjects of domestic importance can be pushed on the EU agenda.**

How: Estonia was able to **revive discussions on digital issues**, including through the organisation of the **Tallinn Digital Summit**.

A parallel can be made with **France's** willingness to **revive discussion around the issue of EU Strategic Autonomy**.

WHAT HAS BEEN ACHIEVED PREVIOUSLY?



Germany (2020)

Demonstrates: **How to effectively use the powers of the presidency.**

How: When structuring the EU agenda, it managed to **centre the efforts on a clear objective**, the inclusion of a €750 billion recovery fund in the EU budget, and then **embraced its Presidency role as both a leader and a legislative facilitator** to successfully conclude the negotiations.

Indeed, Germany has been crucial in **keeping the EU Council united**, as it found a decisive political compromise with the Hungarian and Polish governments to avoid their veto, making the approval of the recovery fund possible.

WHAT COULD BE THE NEXT STEPS?

As we have seen, the **French agenda** is **rich** and **ambitious**. The big question now is around **which strategy** it will implement in order to achieve its objectives and which it will take first. A possible scenario looks as follows:

1

CBAM:

France's first objective would be to find a **political agreement** with **all the Member States** to agree on a "**general approach**", rather than focusing on the technical details of the reform. France will also have to **hold discussions with Germany** – who currently supports the measure – to agree on the sectors and mechanisms that need to be addressed as a priority.

During the process, the government is also planning on establishing **strong dialogues with French companies** through organisations such as CPME and MEDEF.

2

DMA/DSA:

The **DMA** will be **voted on in Parliament in December**. Thereafter, France will have to lead close negotiations first with Parliament and the Commission in order to **find consensus** on the legislation and have it approved.

Although the final text has already been drafted, **constant dialogue with companies will continue**. France is also favourable to the inclusion of EU companies for the implementation of the reforms once they are finally approved, thereby demonstrating its intention to foster **close cooperation between the public and private sectors**.

Concerning the **DSA**, the objective is to have the legislation discussed by the EU Parliament in January, however the **Parliament is still not united** on the measure.

WHAT COULD BE THE NEXT STEPS?

3

Sovereignty:

In February, an event concerning **EU digital sovereignty** will be organised in coordination with Bercy. After the event, France intends to continue organising special events around the theme of **EU sovereignty**, especially on issues such as **innovation** and **industrialisation**.

Please note that this brief will be regularly updated with the most recent news. It is available on our website at amchamfrance.org (section publications).

FRENCH PRESIDENCY OF THE COUNCIL OF THE EU

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