ON JULY 3 2015, LUXEMBOURG OFFICIALLY LAUNCHED ITS PRESIDENCY OF THE COUNCIL OF THE EUROPEAN UNION FOR THE NEXT SIX MONTHS. This Presidency will mark the last in the current trio of Presidencies, preceded by Italy and Latvia, and is the twelfth time that Luxembourg holds the Council Presidency since 1958, with the most recent one dating 2005.

As one of the six founding members of the EU, Luxembourg is a key country to the continent. The EU’s smallest and richest per capita, Luxembourg is at the heart of the EU, home to the European Court of Justice and the European Investment Bank to name a few. Luxembourgish politicians have and continue to shape the European project; the country’s former Prime Minister, Jean-Claude Juncker, is now President of the European Commission.

With a long-standing experience in European Affairs, Brussels policy-makers await a highly effective Luxembourgish Presidency. Luxembourg is known for hiring the best person for the job during its Presidency, due to its limited size, in order to lead policy discussions and negotiations on behalf of Council. The Government and Ministries draw on civil servants, academics and business representatives, not hesitating to bring on experts from other Member States. However, Luxembourg’s reputation for efficiency has been recently tainted by the LuxLeaks, which could undermine the Duchy’s ability to lead on economic and financial dossiers.
This does not limit the Presidency’s ambitions for its term. Despite the summer break, Luxembourg has set broad priorities for its Presidency aiming to tackle many dossiers before passing the baton to the Netherlands on 31 December 2015. However, current crises such as the potential Grexit, Brexit or the Migration issue could easily overshadow the Presidency’s agenda. Luxembourg will therefore have to navigate through these diplomatically and diligently, as well as keep a flexible approach to its schedule, in order to keep the Council in line with its Presidency ambitions.

**Presidency Priorities**

**Inciting Investment into Growth and Employment:** This is in line with the Commission’s agenda, aiming to enable capital markets to better finance the economy and establish a genuine EU industrial policy.

**Amplifying the Social Sector:** The Luxembourgish Presidency will address social investment and the overall improvement of social governance throughout the bloc.

**Using the Digital Sector to rekindle the Single Market:** The Presidency intends to use the digital sector as a platform for a more consolidated single market.

**Framing EU Competitiveness on the Global Stage:** This will include tackling the fight against fraud and progressing on trade agreements.

**Promoting Sustainable Development:** Finally, the Presidency will seek to catalyse the transition to a green economy through decarbonisation and the promotion of a circular economy, with particular attention to the UNFCCC Paris Conference.

Please find below our analysis of the Luxembourg Presidency Priorities in the fields of competitiveness, digital economy and society, energy, climate, environment, health, transport and trade policy.
**Competitiveness**

With the Latvian Presidency having managed to barter an agreement on the European Fund for Strategic Investments (EFSI) in a record four and a half months, Luxembourg finds itself in a good position. From July it will have two to three months to align Member States in preparation for the EFSI Action Plan, which the Commission has announced it will propose in September.

Elsewhere, however, the Luxembourgish Presidency may have some challenges ahead. With the so-called ‘Lux Leaks’ scandal still hanging in the air, Luxembourg will have to prove that its commitment to transparency and supervision of the financial sector outweighs the country’s domestic market share interests. The Presidency will be tackling tax fraud and evasion, and place these talks in the international arena so as to ensure fair competition. This initiative will also include discussing the recent Action Plan for Fair and Efficient Corporate Taxation, which contains a debate on the Common Consolidated Corporate Tax Base (CCCTB).

With regards to the Capital Markets Union (CMU), and the Commission public consultation on Building a Capital Markets Union having closed on 13 May, expectations are that the Directorate-General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA) will be busy making sense of stakeholder contributions. This effort takes place alongside the Parliament’s own initiative report, currently being drafted by German EPP Burkhard Balz, expected to be adopted in Plenary on 24 November.

Finally, the Presidency will equally push forwards implementation efforts with a view to creating a bona fide EU industrial policy. Its efforts will focus on several initiatives, including the implementation of the European Commission’s ‘Roadmap’ on industrial competitiveness.

**Digital Economy and Society**

The next six months will be heavy for Luxembourg’s digital attachés, who will have to juggle trialogue negotiations with stirring input from Member States on diverse upcoming initiatives stemming from the Digital Single Market Roadmap.

With the intention of promoting a ‘digital by default’ approach, Luxembourg seems acutely aware of the horizontal impact digital technology can exert across industrial sectors and services as well as their ability to help cement the single market. Digital policies are therefore not presented as a standalone chapter, but weaved into a broader approach to the Single Market.
The broad political direction on the Digital Single Market Roadmap (DSM) was already offered by Head of States at the last Council Summit of the Latvian Presidency. Luxembourg will now have to channel more concrete feedback from ministers, and national experts, on specific elements, to help prepare the ground for upcoming legislative proposals and policy initiatives.

Copyright reform and geo-blocking are identified as top priorities – in line with the Commission’s agenda. The Presidency is also likely to frame Council debates relating to online consumer protection, with a revived Common European Sales Law. However, the Presidency priorities more broadly outline initiatives in the field of personal data re-use, telecoms, cross-border e-commerce, e-Government or digital application to the energy, transport and education sector. Digital skills are also underlined as a priority in the Presidency’s employment chapter. Beyond these priorities, Luxembourg will have to navigate issues promoted by other Member States, such as the development of policy initiatives targeting online platforms.

However, with a summer Presidency and much on the agenda, Luxembourg’s capacity to drive a Council position on this broader agenda will be limited by pressing legislative work. Negotiations on the Data Protection Regulation and Directive, seen as the backbone of the DSM, will dominate the schedule. The Presidency will have to work very hard to ensure the completion of the negotiations by 2015 – the political deadline set by Heads of States. The number of outstanding national reservations, diverging positions in Parliament and the Commission, and continued negotiations over Safe Harbour, TiSA and TTIP means that this process will be all but smooth sailing.

If Latvia has managed to secure preliminary deals on the Connected Continent Regulation and the Network Information Security Directive, finalising that process and securing adoption will also be time-consuming. The Luxembourgish Presidency will also seek to wrap up negotiations on Web-Accessibility Directive.

Luxembourg will have to navigate this busy legislative and political agenda with Council’s position tainted by months of negotiations on roaming, net neutrality and cyber-security. For Parliament and the Commission, the way Member States have stripped the Connected Continent Proposal of many of its elements, and
reverted to previous positions on roaming, does not bode well for upcoming debates on spectrum, geo-blocking, platform regulation or telecom regulation reform. Overall, managing this perception and the expectations of its institutional counterparts will be an important challenge.

**Energy**

The Luxembourgish Presidency will see the publication of the first legislative and policy initiatives of this Commission, kicking off of the discussion on the Internal Energy Market and security of supply. The Presidency will also honour the first chairmanship of the Energy Union Governance.

On the Internal Energy Market dimension, the Presidency will focus its efforts on launching Council debates on the Commission’s Communication on *Electricity Market design*, paying special attention to the integration of renewables into the electricity grid, as well as to providing a favourable environment for investments in power generation capacities. Moreover, the Presidency will steer the first debates on the *‘New Deal for Consumers’*, a Communication on Retail Markets published as part of the Summer Package, aimed at empowering the role of consumers in the EU energy sector.

As part of their work on the transition towards a low-carbon economy, the Presidency will lay the basis for Council’s adoption of the new *Energy Labelling Directive*, to be proposed at the beginning of their mandate.

On security of supply, the Presidency will mainly focus on prompting initial Member State discussions on the policy and legislative proposals to be included in the Commission’s *Gas Package*: a legislative proposal to review the Regulation on security of gas supplies and a European Strategy on LNG and Storage. These initiatives are expected to be accompanied by a new *Strategy on Heating and Cooling*, aimed at promoting, amongst others, renewable energy and energy efficiency in these sectors. This group of Commission proposals is expected for release in the autumn.

The Luxembourgish Presidency will also host the presentation of an updated SET-Plan, while examining the Commission’s delegated act to establish a second list of Projects of Common Interest (PCIs).

More importantly perhaps, the Presidency will chair the first debates on the Commission’s proposal for a new *Governance of the Energy Union*. Although the nature of the instrument is yet to be determined, it is likely to trigger vibrant
debates in Council. This will especially be the case under the new architecture in which Member States will be requested to draft and submit National Energy and Climate Plans including national targets and indicative contributions to the 2030 energy and climate targets. The Energy Council is expected to adopt Conclusions on this matter at its meeting on 26 November. Moreover, the European Council will have the chance to discuss the Commission’s first Report on the State of the Energy Union.

Energy diplomacy will remain a red thread during the Luxembourgish Presidency, especially when it comes to the development of the Southern Corridor, relations with Russia and Ukraine, potential energy partnerships with North America with special attention on Canada in view of the conclusion of the EU-Canada CETA and the progress achieved by the Euro-Med Energy Partnership.

While the Luxembourgish Presidency will most likely be unable to finalise the adoption of many of the initiatives to be proposed during the remainder of 2015, it will undoubtedly play a key role in launching debates of great importance for the effective roll-out of the Energy Union Strategy.

**Climate**

EU climate policy initiatives will be rolled out as part of the ‘Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy’.

A key initiative expected to be presented by the European Commission on 15 July is the Emissions Trading System (ETS) review proposal. Council and Parliament will start defining their position in the second part of this year, with key sticking points including free allocation of allowances, innovation funding and the overall level of the emissions reduction cap. Luxembourg will be doing the ground work with subsequent Presidencies finalising Member States’ position. However, prior to these deliberations, a smooth wrap-up of the Market Stability Reserve proposal has to be ensured after the Parliamentary vote in Plenary on 6 July. Council is expected to formally adopt the proposal in mid-September.
At the same time, the Luxembourg Presidency will play a crucial role in the run-up to the 21st Conference of the Parties (COP21) to the UNFCCC (United Nations Framework Convention on Climate Change) in Paris in December. Parties will seek to come to a global agreement on addressing climate change and the EU has already submitted a joint Intended Nationally Determined Contribution (INDC), based on a target of 40% CO2 emissions reduction by 2030 compared to 1990 levels.

The European Commission will be negotiating on behalf of the EU, but Council will need to adopt a negotiating mandate – it is expected to adopt Conclusions on the EU’s position for the COP21 at the Environment Council on 18 September. How the respective roles of the Commission, COP 21 host France and the Luxembourgish Presidency will be defined remains to be seen, as well as the flexibility of the mandate to make the EU more adaptable to the negotiation process.

The Presidency will also chair discussions on the climate-relevant parts of the Commission’s Energy Union Governance proposal due later this year. This proposal will define future EU and national level climate policy-making.

Environment

The promotion of ambitious environmental criteria is closely linked with sustainable economic development, a priority for the Luxembourgish Presidency. The latter will encourage the transition to a circular economy that will be energy-light, considerate of biodiversity, invested in natural resources and in favour of minimal waste and cost-effective recycling.

In the framework of emissions, a number of Member States are struggling to meet their targets in particular on nitrogen oxide. Hence, both Council and the European Parliament are looking into reviewing the National Emission Ceilings Directive (NEC). Furthermore, the Medium-sized Combustion Plants Directive (MCPD) will be formally adopted under the Luxembourgish Presidency, after the recent agreement reached by MEPs and Member States.

The EU 2020 Biodiversity Strategy lays down the framework that sets the standards for and protects the natural resources in the single market. The Luxembourgish Presidency will coordinate the ministerial debates regarding the dossier’s mid-term review in 2015 in view to a final report in 2020. When it comes to nature conservation, the Luxembourg Presidency will be actively involved in the 7th Ministerial Conference ‘Forest Europe’ which revolves around establishing goals for the protection and sustainable management of European forests.
Moreover, the Presidency will work on the revision of the *Europe 2020 strategy* by finding ways of bringing about environmental policies that can contribute to sustainable economic recovery and jobs growth through a better integration of environmental sustainability into the wider cycle of economic governance.

Finally, the Presidency will be involved in international negotiations on sustainable development, notably during the *Special Summit on Sustainable Development* in New York in September. The agreement on drawing up a set of Sustainable Development Goals (SDG) was adopted at the United Nations Conference on Sustainable Development in June 2012 (Rio +20), and serves as the framework for targets in the development agenda for the next 15 years. The *Third International Conference on Financing for Development* in Addis Ababa will take place in July 2015 and it will be the basis for implementing future SDGs.

**Healthcare**

The new Commission has yet to clearly define its health policy priorities. Hence, the Luxembourgish Presidency will focus on continuing work on outstanding dossiers rather than tabling new items. Its priorities in the sector will therefore be defined around the three P’s of prevention, promotion and protection.

As the Council’s negotiating stance on *medical devices* was agreed upon during the June Employment, Social Policy, Health and Consumer Affairs (EPSCO) Council meeting led by the Latvian Presidency, trialogues with Parliament and the Commission are expected to start after September.

On the non-legislative side, access, financing and innovative approaches to *personalised medicines* will be discussed during a High-Level Conference, to be hosted by the Presidency. The expected outcome is a contribution to defining a patient-centred strategy allowing for the incorporation of patients’ perspectives into the regulatory process. The output from the conference will also feed into Council Conclusions to be adopted at the December EPSCO Council meeting.

The Presidency has also planned an event on *antimicrobial resistance* on 23 October 2015. The plan appears to focus on the issue from the perspective of the veterinary sector and within the context of the ongoing revision of the legal framework for veterinary medicinal products. However, it is unlikely that the Presidency will close this dossier during its term.

Other priorities and outstanding issues to be addressed during the Luxembourgish Presidency include:
• **Cross-border healthcare**: During the Informal EPSCO Council meeting in September, delegations will assess the implementation of the cross-border healthcare Directive.

• **Cross-border health threats**: The Presidency plans to further improve the EU response in crisis situations, and will therefore coordinate with the Commission and WHO to organise a conference on the lessons learned from the Ebola crisis. The results of this process will feed into the December EPSCO Council agenda.

• **Dementia**: Within the context of the healthy ageing framework, the Presidency will continue further work already undertaken on the prevention of dementia at primary and secondary level, early diagnosis, quality care and post-diagnostic counselling. It is expected that the Dutch Presidency will also prioritise this dossier in the first half of 2016.

### Transport

The sustainability principle will guide the transport policy work of the Luxembourgish Presidency. In conjunction with the ongoing review of the 2011 White Paper on Transport by the Commission, the Presidency will launch a broad debate on EU transport policy with a view to developing a strategy for sustainable mobility based on urban planning and innovative forms of mobility. The strategy will be presented during an informal ministerial meeting in October.

The Presidency will seek progress in several policy proposals. As the Commission draws up a template and guidelines for Member States national policy framework for the market development and infrastructure deployment of **alternative fuels in**
the transport sector, the Presidency will support the Commission in organising a conference to discuss these topics towards the end of the year.

Moreover finalising the 4th Railway Package will be a top priority for the Presidency, which will have to use utmost diplomacy in order to break the current roadblock on the political component of the said package.

Both the Regulation on Air Passenger Rights and the Single European Sky package (SES II+) are blocked in Council over a persistent dispute between Spain and the UK over the status of Gibraltar airport. With limited prospect for change, The Commission may decide to withdraw these proposals over the coming months and has already hinted at plans to develop a new airport package. In the meantime, the Presidency may still attempt to ensure progress in Council in case the Gibraltar issue becomes less acute.

Finally, the Commission is set to put forward a Communication on the review of the Port Reception Facilities Directive, on which the Presidency will launch ministerial debates. It will also monitor the implementation of the Regulation for Monitoring, Reporting and Verification of Shipping Emissions, which enters into force on 1 July 2015.

**Trade**

Unsurprisingly, the Luxembourgish Presidency’s key focus in the area of trade will be the EU-US Transatlantic Trade and Investment Partnership (TTIP), a top priority for the Commission this year. The Presidency has to facilitate a common Council position on sensitive issues, including the investor-state dispute settlement (ISDS) mechanism for which the Commission is expected to publish its proposal in September. Divergence of opinion in Council, public pressure and the need to take into account what is acceptable to the US will make this a daunting task.

The ratification of the EU-Canada Comprehensive Trade and Economic Agreement (CETA) is another priority, although ISDS is also hampering progress in this case. Various Member States are demanding a renegotiation of the ISDS provisions and the Presidency will need to work towards a common position. The EU-Japan Economic Partnership Agreement (EPA) and the EU-Vietnam FTA will also be on the Presidency agenda as negotiations are intended to be concluded in 2015.

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<th>TRANSPORT CALENDAR</th>
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<td>7 October</td>
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Of lesser priority for the Presidency in bilateral terms, Luxembourg will also be chairing discussions in Council on the modernisation of the EU-Mexico Economic Partnership, Political Coordination and Cooperation Agreement (Global Agreement). The Commission will seek a negotiating mandate from Council, after which formal negotiations can be launched.

Beyond bilateral negotiations, Luxembourg will also accompany the Commission on broader regional or policy strategies. In this area, the priority for the Presidency will be broader discussion on the European Neighbourhood Policy (ENP) review, since free trade provisions are included in most of the agreements between the EU and its neighbours. The Commission is due to publish its reform proposal this autumn and Council will need to adopt a position on the proposal. In that context, the Council will consider the state of the Southern Partnership, as 2015 is the 20th anniversary of the Barcelona process.

Equally important is that Luxembourg announced its intention to work on linking development policy with trade and 2015 is the European Year for Development. Further coordinating work will be required for the 10th Ministerial Conference of the WTO scheduled in Nairobi.

A final item that is bound to be debated in Council is the Communication on a New Trade Strategy, which the Commission should be presenting in October this year. Member States can be expected to have heated discussions in the Trade Policy Committee, which the Presidency will need to guide into a coherent response.
If you would like any further information on these issues please
do not hesitate to get in contact with us:

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