

The German Presidency Priorities:

What businesses face in light of priorities defined by the Corona-crisis, the Green Deal, social policy and digital transformation.

1 July 2020 marked the beginning of the German Presidency of the EU. With speeches by Commission President Ursula von der Leyen and German Chancellor Angela Merkel in front of the European Parliament on July 8, which received a wide range of reactions, the ambitious plans for the upcoming six months were highlighted with the backdrop of the Corona-crisis amplifying the urgency of definitive reactions to keep the European project alive.

One key issue that needs immediate resolve is the Multi-Annual Financial Framework for 2021-2027 and the recovery fund in light of the crisis. Agreement amongst the EU Member States was found in the early morning hours of 21 July after heavy negotiations for four days; something which re-confirms Angela Merkel's capacity to find compromise. Now technical negotiations and the approval of the European Parliament are next on the agenda.

Leitmotif of the Presidency: *"Together for Europe's recovery"*

Any Presidency of the Council of the EU has two main tasks. The first is to chair and plan meetings of most of the Council constellations. The others, apart from representing the Council, mediating and brokering compromises between the EU Member States, are to broker and mediate between the EU institutions. To establish a longer-term approach to EU policy and priorities (in light of the six months rotation), each Presidency works closely with two other Member States – i.e. so-called trios. After Germany starts the trio, the Presidency moves to Portugal and then Slovenia.

The priorities are based on six guiding principles:

- (1) Overcoming the COVID-19 pandemic permanently, as well as the economic recovery;
- (2) A fair Europe;
- (3) A stronger and more innovative Europe;
- (4) A sustainable Europe;
- (5) A Europe of security and common values;
- (6) A strong Europe in the world.

KEY ELEMENTS WITHIN THE SIX GUIDING PRINCIPLES

Overcoming the COVID-19 pandemic & a fair Europe

The ambition of *"lifting the crisis-related restrictions in cross-border transport and for the single market in a coordinated and gradual way in order to create the conditions for economic recovery"* remains a high-level priority for those active in cross-border trade and labour movement. And, within the scope of economic recovery, focus is also placed on strengthening European value chains in light of industrial production, but in particular SMEs. Apart from the temporary adjustment of the framework for state aid, it is within the context of the implementation of priorities of the European Pillar of Social Rights that an EU framework for national minimum income protection systems, an EU framework for minimum wages and strengthening the role played by social partners are undergoing development. Especially within the context of the current crisis and the relevant economic burdens, a balanced approach is nonetheless called upon across the board by employers, not least SMEs.

Chancellor Merkel: *"I am convinced that the social dimension is just as decisive as the economic one."*

A stronger more innovative Europe

A key mantra of the Presidency includes the emphasis on digital transformation in Europe, with focus on areas such as artificial intelligence (AI), quantum technologies, intellectual property rights, and new forms of employment through platform-based work, also within the scope of a *"secure and trustworthy, sovereign European data infrastructure"*. 5G remains an issue whereby the Presidency strategy is not as yet clear in light of current debates regarding China, but this is expected in the latter stages within the context of EU-China discussions.

Chancellor Merkel: *"The past few weeks and months have once again highlighted Europe's digital dependence on third countries."*

Enhancing competitiveness through the effective implementation and enforcement of single market rules is coupled with intentions to provide an innovation-friendly and future-proof regulatory framework. Positive news for SMEs remains with the announcement of providing measures related to financing, a *"substantial reduction in red tape"*, and the provision of SME-friendly regulations. An SME conference is intended for November 2020.

The challenge of taxation has also been taken onboard. Fair distribution of tax burdens are currently being addressed at the OECD with a view to minimum global effective tax rate. Furthermore, the introduction of financial transaction tax at European level, and the revision of the Directive on administrative cooperation in the field of taxation are also envisaged.

A sustainable Europe

The German Presidency calls it an *"ambitious climate and environmental policy"*, something also faced with much concern by employers across Europe considering the burdens this implies for their companies in times of COVID. But, as the Presidency, following the presentation of the European Green Deal by the European Commission, considers it a tool to help *"overcome the consequences of the...pandemic and promote a sustainable and competitive economy"*, there are no surprises to the ambitions of adopting conclusions on the Commission's new Circular Economy Action Plan, starting negotiations on the EU's 8th Environmental Action Plan, and concluding the European Climate Law which seeks to make the EU climate-neutral by 2050. Key industrial ambitions highlighted within this context include the development of offshore wind energy, securing the supply of carbon-neutral and preferably carbon-free gases such as hydrogen, and the expansion of carbon pricing to all sectors.

Chancellor Merkel: *"We want to manage the transition to a carbon-neutral economy and society and to a green economy with strong and innovative companies."*

Also, agriculture, fishing and the promotion of sustainable rural areas have been highlighted with specific reference to reaching conclusions on the Commission's *"Farm to Fork"* Strategy. Also, conclusions are to be presented on animal welfare and food labelling.

A Europe of security and common values

Strengthening fundamental values and rights, strengthening security for EU citizens, updating European migration and asylum policy are listed as key pillars. This implies strengthening judicial cooperation on combating cross-border crime and crisis-resilient judicial cooperation on civil matters which the Presidency sees as essential for SMEs.

An effective European Union for a rules-based international order anchored in partnership

All eyes are currently on China and the Presidency intends to arrange a top level meeting between the EU and China *“as soon as possible”*, not least in light of the need for an equal playing field in trade and the aim of greater reciprocity in all policy areas.

Other ambitions include the adoption of an European-African agenda, finalisation of the agreement with MERCOSUR, and a successful conclusion to the Post-Cotonou Agreement for cooperation with the African, Caribbean and Pacific States. Overall, the German Presidency remains focused on *“strengthening the open and rules-based international trade system”*, seeking to modernise the WTO, and launch international agreements, *“for example in the area of digital commerce”*.