

Priority dossiers under the Slovak EU Council Presidency

I. GENERAL REMARKS

From July to December 2016, Slovakia will hold the Presidency of the EU Council for the first time, following the Dutch and preceding the Maltese Presidency.

Parliamentary elections took place in Slovakia on 5 March 2016. The new coalition government formed by Prime Minister Robert Fico (the so-called 'coalition of historic compromise') was sworn in on 23 March 2016. The coalition includes the S&D-affiliated SMER-SD, the EFDD-affiliated Slovak National party, EPP-affiliated MOST-HÍD representing the country's Hungarian minority and the centre-right Network party, which together hold 85 of the 150 seats in the Parliament. Ivan Korčok, *Ministre délégué* and Government Plenipotentiary for the Slovak Presidency of the Council of the EU will be responsible for EU Affairs during the Presidency.

II. PRIORITIES

At its session of 24 February 2016, the (previous) Slovak Government adopted guidelines that will determine the agenda of the Slovak Presidency, and the final Presidency programme is due to be approved by the Government on 29 June 2016. Slovak priorities include the Capital Markets Union proposals, the completion of EMU, delivering on Energy Union measures and the Single Market, as well as external relations with a particular focus on the Eastern Partnership. Inevitably, the migration crisis, revision of the Dublin system and the fight against terrorism will be high on the agenda too.

As of May 2016, out of around 140 active ordinary legislative procedures, some 25 are being negotiated by the co-legislators with a view to a first or (early) second reading agreement. This note aims to present the state of affairs in the priority fields of the Slovak Presidency, as well as the most important related dossiers to be addressed by the Presidency in the second half of 2016.

1. JOBS, GROWTH AND COMPETITIVENESS

Since its entry into force on 4 July 2015, the European Fund for Strategic Investment (EFSI) has triggered investments in the EU worth €82.1 billion, mainly in the sectors of SMEs (34%), energy (27%) and transport (16%). A mid-term review of the Investment Plan is to be presented by the

Commission on 1 June 2016. To further exploit the investment potential of the EU internal market, a Communication on the Capital Markets Union, Digital Single Market and Single Market Strategy will also be presented by the Commission on 1 June 2016, to be discussed by the European Council on 28-29 June 2016. The European Parliament adopted a strategic report on the Commission's Single Market Strategy of 28 October 2015 at its plenary session of 25-26 May (*Comi report, IMCO*). Under the Single Market Strategy, a standardisation package will be presented in June 2016, as well as a proposal on a notification procedure for Services in October 2016.

1.1 Digital Single Market

By the end of 2016, the Commission plans to adopt all 16 key actions of the Digital Single Market Strategy in three areas: online access to goods and services (e-commerce, geo-blocking, copyright, consumer protection), digital networks (data protection, content, cybersecurity), and digital economy (e-government, standards). The Commission has already put on the table legislative proposals on e-commerce, copyright, content and spectrum. On 25 May 2016, it presented an e-commerce package to prevent geo-blocking and improve parcel delivery, including the review of the Regulation on Consumer Protection Cooperation as well as the revision of the Audiovisual Media Services Directive. Future proposals will include the draft 'wholesale roaming regulation' on 15 June 2016, enabling the abolition of roaming charges by June 2017; the 'telecoms review' with proposals for deeper coordination of spectrum management, to be presented in September, and finally, the 'free flow of data' proposal, expected in the autumn.

ONGOING MAJOR LEGISLATIVE PROCEDURES

- **Digital Single Market** – the following reports are in preparatory phase at committee level:
 - (1) Access proposals: proposal on the portability of online content (*Cavada report, JURI*), proposal on digital content (*Voss/Gebhardt report, IMCO/JURI*) and proposal on online sale of goods (*Arimont report, IMCO*).
 - (2) Broadband proposal on repurposing the 700 MHz frequency band for ensuring the provision of wireless broadband services in rural areas by mid-2020 (*Toia report, ITRE*) – committee vote to take place on 13 October 2016.
- **Directive on enhancing shareholders' engagement** (*Cofferrati report, JURI*) – proposal on fiscal transparency and country-by-country reporting of multinational accounts; negotiations started with the Council on 27 October 2015 but no progress has been made since then.
- **Market access to port services** (*Fleckenstein report, TRAN*) – negotiations started in April, in view of final adoption in plenary, possibly in autumn.

1.2 Mid-term review of the MFF

The mid-term review of the 2014-2020 Multiannual Financial Framework (MFF) will give the opportunity to assess the available budgetary resources and the funding of priority policy areas. The High Level Group on Own Resources (HLGOR) chaired by Mario Monti will end its work with an inter-parliamentary conference on 8 September 2016 before presenting its final report. Following an assessment, a proposal on the mid-term review of the MFF and the System of Own Resources is due to be presented by the Commission at the end of 2016. The European Parliament will adopt a strategic report ahead of the Commission proposal at its July plenary session (*Olbrycht/Thomas*

report). The Presidency will pursue discussions on the Commission proposal with a view to coming closer to an agreement or alternatively concluding the review.

1.3 Economic and Monetary Union (EMU)

Stage 1 of the completion of EMU as outlined in the Five Presidents' report is due to be finished by 30 June 2017. It essentially means stronger coordination under the revamped European Semester, completion of Banking Union, the creation of an advisory European Fiscal Board and increased democratic accountability. The Five Presidents' report also provides for the conclusion of an interinstitutional agreement between the European Parliament, the Commission, the Ecofin Council and the Eurogroup, which may be addressed under the Slovak Presidency.

With a view to achieving Fiscal Union in Stage 2, the Five Presidents' report provides for the creation of a euro area-wide fiscal stabilisation function. A joint report was prepared on this topic by BUDG and ECON (*Böge/Berès report*) and will be discussed during the October I plenary session. Slovakia is the only central European and Visegrad-4 country which has introduced the euro, and it was the fastest growing euro area member between 2004 and 2014. The creation of a fiscal capacity for the euro area will be closely followed by the Slovak Presidency.

The Slovak Presidency will also pay due attention to the Capital Markets Union not only as part of President Juncker's Investment Plan for Europe but also as an important part of the completion of the Financial Union within EMU. Further to the three ongoing legislative procedures (see below), the Commission is to present the revision of the European Venture Capital Fund and European Social Entrepreneurship Fund Regulations in mid-July 2016. Parliament is to discuss an INI report on access to finance for SMEs in September (*Karas report, ECON*).

ONGOING MAJOR LEGISLATIVE PROCEDURES

- **BANKING UNION: European Deposit Insurance Scheme** (*de Lange report, ECON*) – The new European insurance mechanism for national banking deposit guarantee schemes will be the third pillar of the Banking Union, which is currently based on the 'supervision' and 'resolution' pillars. The draft report is to be adopted in ECON on 28 November 2016.
- **CAPITAL MARKETS UNION: Modernisation of the prospectus directive** (*De Backer report, ECON*), to be adopted in committee in June 2016. **EU Securitisation Framework** (*Tang report, ECON*) – the proposal introduces a regulatory framework for simple, transparent and standardised (STS) securitisations and revision of capital calibrations for banks. **Prudential requirements for credit institutions and investment firms** (*Zalba Bidegain report, ECON*) – proposal to adjust prudential (Solvency II) requirements for insurers' investments in infrastructure projects and European Long-Term Investment Funds. The latter two reports are to be adopted in ECON in November 2016.
- **Bank structural measures (BSR) improving the resilience of EU credit institutions** (*Hökmark report, ECON*) – Council has approved a general approach, whereas Parliament's ECON committee is trying to secure a political majority behind a compromise.
- **Money Market Funds** (*Neena Gill report, ECON*) – Parliament adopted its negotiating mandate on 26 May 2015 and is waiting for the Council to start negotiations.

1.4 Fight against tax evasion

The European Commission addressed the fighting of corporate tax avoidance and aggressive tax planning with a comprehensive set of proposals set out under the Action Plan on a Fairer and Efficient Corporate Tax System adopted in June 2015. With a second set of proposals presented on 28 January 2016, it aligned EU tax rules to the global standards developed by the OECD, the BEPS (Base Erosion and Profit Shifting) Action Plan. Finally, on 12 April 2016, the Commission presented to Parliament a legislative proposal introducing rules for multinational enterprises to disclose income tax information on a country-by-country basis (*Regner report, JURI*). The proposal also addresses concerns flowing from the 'Panama Papers' revelations concerning offshore financial centres suspected of potentially being engaged in tax fraud and evasion and money laundering, involving current and former leaders across the globe. The European Parliament is planning to set up an inquiry committee to investigate the Panama Papers revelations. On the other hand, the European Parliament's special committee on tax policies (TAXE II) will present its final recommendations at the July plenary session.

On 7 April 2016, the Commission presented a VAT Action Plan to address the 'VAT-gap' in the EU – that is the difference between the expected revenue from VAT and the revenue actually collected. Parliament's ECON committee is preparing a report on the perspectives of a definitive VAT system (*Langen report*), which will be debated at the September plenary session. Upcoming proposals in 2016 will address e-publications and VAT obstacles to cross-border e-commerce (Digital Single Market) as well as measures to strengthen tax administrations' capacity. The Slovak Presidency will aim to adopt a common position on the Action Plan.

2. PROTECTION OF CITIZENS

The proposal for the targeted revision of the 1996 Posting of Workers Directive was presented by the Commission on 8 March 2016. Member States have until 18 June 2016 to transpose a Directive aimed at the enforcement of the 1996 Directive's application. However, due to strong opposition from the Visegrad Group, Baltic countries, Romania, Bulgaria and Cyprus, a blocking minority is likely to prevent any progress on the new proposal in the Council under the Slovak Presidency.

The EU employment target for 2020 is to get 75% of the working-age population (20-64 years) into work. In that context, the Commission will present a New Skills Agenda in early June 2016 aiming to provide low-qualified people with the necessary skills to help them integrate into the labour market and to enhance links between the education sector and the needs of the labour market. In particular, the Slovak Presidency will aim to reach agreement between Member States on the mutual recognition of qualifications.

ONGOING MAJOR LEGISLATIVE PROCEDURES

- **Posting of Workers in the framework of the provision of services** (*Jongerius/Morin-Chartier report, EMPL*) – revision of the 1996 Directive, preparatory phase in EMPL.
- **Accessibility requirements for products and services** (*Rochefort report, IMCO*), preparatory phase in committee. An implementation report by EMPL is also to be adopted on the UN Convention on Disabled Persons' Rights (CRPD) at the July plenary.
- **Medical Devices** and in vitro diagnostic medical products (*Willmott and Liese reports, ENVI*) – an early second reading agreement was reached on 25 May and the final adoption is expected in the autumn.
- **Consumer product safety package** – market surveillance of products (*Pietikainen report, IMCO*) and consumer product safety (*Schaldemose report, IMCO*) – both files have been awaiting Council's position since their adoption in Parliament in April 2014 and the Commission is likely to present new proposals.
- **Organic production and labelling of organic products** (*Häusling report, ENVI*) – first reading negotiations are ongoing, with a view to final adoption in plenary, possibly in autumn.

3. ENERGY UNION AND CLIMATE CHANGE

On 16 February 2016, the Commission unveiled a package of energy security measures to equip the EU for global energy transition to address possible energy supply interruptions, including: moderating energy demand, increasing energy production in Europe (including renewables), further developing a well-functioning and fully integrated internal energy market, as well as diversification of energy sources, suppliers and routes. In 2016, the Commission will present most of the remaining parts of the Energy Union Roadmap. In general, increasing energy security, promoting regional cooperation and solidarity between Member States will be high on the agenda of the Slovak Presidency.

The Agreement reached at the Conference of the Parties (COP21) to the UN Framework Convention on Climate Change (UNFCCC) was signed by 177 of the 195 parties. EU Member States will now have to agree on their individual pledges to reduce greenhouse gas emissions, increase the share of renewable energies and improve energy efficiency. Ratification of the Climate Agreement will be required by each Member State individually. The European Commission will present at the end of July legislative proposals to implement the pledges made at EU level, namely on burden-sharing between the Member States for non-ETS sectors (transport, construction and agriculture), the decarbonisation of the transport sector, and on land-use and forestry. The Slovak Presidency privileges the safe use of nuclear energy to reach the 2030 targets and wishes to make progress on the ETS reform and non-ETS sectors.

Following the 'dieselgate' scandal, the European Parliament set up on 17 December 2015 an inquiry committee to investigate alleged contraventions and maladministration in the application of EU law in relation to emission measurements in the automotive sector. The inquiry committee (EMIS) will present an interim report to plenary in September, which may also impact on Parliament's position on the draft regulation on the approval and market surveillance of motor

vehicles and their trailers (*Dalton report, IMCO*). The Slovak Presidency is expected to address this issue, Slovakia being the largest car producer per capita in the world.

ONGOING MAJOR LEGISLATIVE PROCEDURES

- **ENERGY UNION – EU ETS reform** (*Duncan report, ENVI*) – Proposal for a Directive to enhance cost-effective emission reductions and low-carbon investments; the committee vote is scheduled for 8 December 2016. **Revision of the Energy Efficiency Labelling Directive** (*Tamburrano report, ITRE*) – reinstating a single A to G label scale to help consumers distinguish the most efficient products; negotiations to begin following the adoption of the committee report on 14 June. **Energy security package**: Security of gas supply (*Buzek report*) + Decision on information exchange mechanism on inter-governmental agreements in the field of energy (introduces ex-ante compatibility check by Commission) (*Krasnodębski report*) – vote of the committee reports on 13 October 2016.
- **Reduction of national emissions of certain atmospheric pollutants – NEC Directive** (*Girling report, ENVI*) – negotiations ongoing since February 2016; the proposal may be amended.
- **Reduction of pollutant emissions from road vehicles** (*Dess report, ENVI*) – first reading negotiations started in October 2015 but the file has been on hold since November 2015.
- **Approval and market surveillance of motor vehicles and their trailers** (*Dalton report, IMCO*) – proposal presented by the Commission in January 2016, to be adopted in committee in autumn; a general approach may be adopted in Council under the Slovak Presidency.
- **CIRCULAR ECONOMY** – four legislative proposals on waste, including long-term targets to reduce landfilling and to increase preparation for reuse and recycling of key waste streams such as municipal waste and packaging waste; the vote in ENVI committee is expected in November 2016.

4. MIGRATION, SECURITY AND JUSTICE

4.1 Migration (internal aspects)

Slovak Prime Minister Robert Fico has been opposing a mandatory quota system and filed a lawsuit at the European Court of Justice in December 2015 against the Council Decision to redistribute 120 000 asylum-seekers among Member States. The Presidency will focus on the implementation of better management of all aspects of migration, including irregular/illegal migration, asylum system, border protection and the security of the Schengen area. In particular, it will aim to advance the establishment of a European Border and Coast Guard.

On 4 May 2016, the European Commission published a first set of three legislative proposals for the revision of the Common European Asylum System that should replace – in the medium term – the 'Dublin rules'. The proposals aim to introduce (i) a permanent mechanism for allocating asylum applications among Member States, (ii) the transformation of the existing European Asylum Support Office into a fully fledged European Union Agency for Asylum, and (iii) a reinforced Eurodac System to tackle irregular migration.

ONGOING MAJOR LEGISLATIVE PROCEDURES

- **EUROPEAN AGENDA FOR MIGRATION** (proposals presented on 9 September 2015): **Crisis relocation mechanism** (*Kirkhope report, LIBE*) – to be applied temporarily in respect of specific crisis situations in a given Member State, pending adoption of a permanent mechanism. **EU list of safe countries of origin** (*Guillaume report, LIBE*) – for the purposes of common procedures for granting and withdrawing international protection. Both files are in preparatory phase at committee level.
- **EUROPEAN BORDER AND COAST GUARD package**: negotiations have started on the Community Fisheries Control Agency (*Cadec report, PECH*), whereas the proposals on the European Border and Coast Guard (*Pabriks report, LIBE*) were adopted in committee on 30 May. The report on the European Maritime Safety Agency (*Arnautu report, TRAN*) was rejected in committee on 24 May. The European Border and Coast Guard remains a priority for the Dutch Presidency but is likely to be finalised only under the Slovak Presidency.
- **Regulation on the Schengen Borders Code and reinforcement of checks against relevant databases at external borders** (*Macovei report*) – due to be adopted in LIBE before the summer.
- **European travel documents for the return of illegally staying third country nationals** (*Halla-aho report, LIBE*) – adopted in LIBE on 30 May.

4.2 Security

The Slovak Presidency will follow up on the conclusions of the Foreign Affairs Council of December 2015, which established a framework for the engagement of the EU in the fight against terrorism, taking into account the geographic specificities of terrorist financing.

ONGOING MAJOR LEGISLATIVE PROCEDURES

- **Directive to improve the control of the acquisition and possession of weapons** (*Ford report, IMCO*), and an implementing Regulation to establish common guidelines on firearm deactivation standards. A plenary vote is expected in September and negotiations may then start under the Slovak Presidency.
- **Directive on combating terrorism** (*Hohlmeier report*) – due to be adopted in LIBE in the coming months, establishing minimum rules on the definition of criminal offences and sanctions, as well as protection and assistance to victims of terrorism.

4.3 Justice

Parliament's LIBE committee is preparing a legislative initiative report on the establishment of an EU mechanism on democracy, the rule of law and fundamental rights (*In't Veld report*) which would contribute to the development of a future proposal from the Commission on such a mechanism. The report will be debated in Parliament in autumn.

The Slovak Presidency will work to improve procedural rights in criminal proceedings and seek to proceed with the fight against fraud affecting the financial interests of the Union, including the continued effort to establish the European Public Prosecutor's Office. Human rights will be a horizontal priority, and the Presidency will endeavour to move forward on the accession of the EU to the European Convention for the Protection of Human Rights and Fundamental Freedoms.

ONGOING MAJOR LEGISLATIVE PROCEDURES

- **Procedural rights in Criminal proceedings** – negotiations are ongoing since July 2015 on the provisional legal aid for suspects or accused persons deprived of liberty and legal aid in European arrest warrant proceedings (*De Jong report, LIBE*).
- **Fight against fraud to the Union's financial interests by means of criminal law** (*Gräßle/López Aguilar report, CONT/LIBE*) – early second reading negotiations on hold since June 2015.
- **European Public Prosecutor's Office** (*Matera report, LIBE*) – Parliament has adopted two interim reports, but needs to give its consent to the final text once Council reaches an agreement. So far it has done so only on certain articles of the proposed regulation; progress could be made under the Slovak Presidency.

5. EXTERNAL RELATIONS

The Commission will adopt the EU Global Strategy on Foreign and Security Policy on 6 June 2016, which will frame the foreign affairs agenda of the EU under the Slovak Presidency too.

5.1 Migration (external aspects)

A general Slovak priority is to have closer cooperation with NATO to protect the EU's external borders. Turkey and the EU agreed on a Joint Action Plan on 15 October 2015 to step up their cooperation on migrant flows from Syria, and other issues such as the enlargement process, strengthening the customs union, and visa liberalisation. On 29 November 2015, in their joint declaration EU Heads of State or Government and Turkey agreed to hold an EU-Turkey Summit twice per year, to explore the potential of EU-Turkey relations, especially regarding foreign and security policy. The EU-Turkey Statement of 18 March 2016 concerning the return of irregular migrants from Turkey to the EU and the Visa Liberalisation Roadmap (VLR) is currently being implemented.

5.2 Eastern Partnership and enlargement

The EU and Ukraine signed the Deep and Comprehensive Free Trade Agreement (DCFTA) on 27 June 2014 as part of their broader Association Agreement (AA). It has been ratified by all signatories except The Netherlands, which has to propose a solution following the rejection of the AA in a Dutch referendum held on 6 April 2016.

The European Commission presented a recommendation on 4 May 2016 to grant visa-free status to Turkey – provided the latter meets all necessary conditions set out in the VLR (*Diaz de Mera report, LIBE*). The legislative proposals on the recommendation to grant visa exemption to Ukraine, Georgia and Kosovo are also being examined by the LIBE committee. The accession processes of candidate and potential candidate countries and the approximation of Western Balkan countries' systems to the EU will be a strategic priority of the Slovak Presidency.

5.3 Trade

On 25-29 April 2016 the 13th round of the Transatlantic Trade and Investment Partnership (TTIP) negotiations between the EU and the US took place in New York. Significant progress was achieved on the regulatory cooperation and rules pillars, but much work remains to be done in the fields of

services, public procurement and geographical indications. The 14th round, to be held probably in July 2016, will be decisive, with a view to an agreement in principle by the end of 2016.

The proposal for a decision to sign and conclude a free trade agreement with Canada (CETA) is due to be adopted by the Commission on 5 July 2016. On 11 May 2016, the European Commission and Mercosur exchanged offers with a view to relaunching negotiations on a comprehensive EU-Mercosur trade agreement. A chief negotiators' meeting will be held before the summer break in order to take stock of the negotiations and to prepare a timetable for the second half of the year.

EU-Japan free trade talks were put on hold due to both sides being at odds over opening their markets to agricultural imports. Half of the EU's export income from Japan would come from food and agriculture products, yet Tokyo is now bound by the recently concluded Trans-Pacific Partnership Agreement. The 24th EU-Japan summit was postponed to the second half of 2016 and the objective remains to conclude the trade deal by the end of 2016.

ONGOING MAJOR LEGISLATIVE PROCEDURES

- **Conflict minerals** (*Winkler report, INTA*) – Proposal to establish a system of self-certification for importers of tin, tantalum and gold originating in conflict-affected and high-risk areas; negotiations have been ongoing since February 2016.
- **Trade in goods used for torture** (*Schaake report, INTA*) – negotiations started on 10 December 2015.
- **Access of third-country goods** (*Caspary report, INTA*) – Commission presented an amended proposal in January 2016.
- **Dumped imports from third countries** (*Fjellner report, INTA*) – Parliament adopted its first-reading position on 16 April 2014 but the file is blocked in Council.

6. INSTITUTIONAL REFORMS

Article 223 of the TFEU gives the European Parliament the right to initiate a reform of the European electoral law, which the Council decides upon by unanimity. On 11 November 2015, the Parliament adopted a resolution with recommendations to change the Act concerning the election of the members of the European Parliament by direct universal suffrage ('the Electoral Act') (*Hübner/Leinen report, AFCO*) in time for the 2019 European elections. It called, inter alia, for the system of '*Spitzenkandidaten*' to be reflected through a joint European constituency list, to which most Member States are opposed. Discussions are likely to continue under the Slovak Presidency.

Parliament's AFCO committee is also working on two comprehensive reports on improving the functioning of the European Union building on the potential of the Lisbon Treaty (*Bresso/Brok report*) and on the possible evolutions and adjustments of the current institutional set-up of the European Union (*Verhofstadt report*). The Slovak Presidency is expected to continue discussions with AFCO on the legislative initiative for a regulation on the European Parliament's right of inquiry (*Jáuregui Atondo report*). The file has been blocked in Council since the adoption of Parliament's position on 16 April 2014.

The Presidency will carry on with the implementation of the new Interinstitutional Agreement on Better Law-Making including the interinstitutional preparation of the Commission's 2017 Work

Programme. The Commission intends to present a proposal for an Interinstitutional Agreement on a Transparency Register at the end of September 2016.

Finally, the Slovak Council Presidency will have to address the consequences of the referendum on the UK's membership in the EU, to be held on 23 June 2016. If UK voters decide to remain, the Decision of the EU Heads of State or Government of 19 February 2016 concerning a new settlement for the UK within the EU will take effect, with some follow-up procedures to be implemented. Should the UK decide to leave, negotiations would begin under the terms of Article 50 TEU, initiated by the UK.

III. MAJOR INTERNATIONAL EVENTS AND SUMMITS DURING THE SLOVAK PRESIDENCY

- EU-Japan Summit (date TBC)
- 7th Summit of the European Committee of the Regions, Bratislava (8-9 July)
- 3rd International Conference on Financing for Development, Addis Ababa (13-16 July)
- 21st International AIDS Conference, Durban, South Africa (17-22 July)
- EU-Ukraine Summit (September – date TBC)
- G20 summit, Hangzhou, China (4-5 September)
- World Health summit, Berlin, Germany (9-11 October)
- Conference of Parties to the UN Framework Convention on Climate Change (Marrakech, 7-18 November).

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