

Priority dossiers under the Dutch EU Council Presidency

I. GENERAL REMARKS

From January to June 2016, The Netherlands will hold the Presidency of the EU Council for the 12th time, kicking off the Dutch-Slovak-Maltese Trio Presidency.

The Dutch Council of Ministers, also called the Cabinet of the Netherlands, consists of the Prime Minister (Mark Rutte), 13 Ministers and seven State Secretaries. The current Cabinet is a coalition of the People's Party for Freedom and Democracy (VVD, ALDE affiliated) and the center-left Labour Party (PvdA, S&D affiliated), elected on 12 November 2012. The Netherlands being a constitutional monarchy, King Willem-Alexander is kept up to date on the government's decisions during weekly meetings with the Prime Minister, but His Majesty does not participate in the daily decision-making of the government.

II. PRIORITIES

In a letter submitted by the Minister of Foreign Affairs to the House of Representatives on 28 January 2015, the following horizontal priorities were indicated for the Dutch EU Presidency: (i) improving quality and simplification of legislation; (ii) growth and jobs (internal market, innovation and digital economy); and (iii) active involvement of citizens and civil society in policymaking. The Dutch government will also base its EU priorities on the Strategic Agenda of the European Council adopted at the European Summit of 26-27 June 2014.

For the first semester of 2016, the Commission's soon ending 2015 work programme will largely determine the legislative agenda as nearly all major proposals will have been put on the table by the end of this year. The Commission has adopted its Work Programme for 2016 on 27 October 2015 with – for the first time – a list of 17 "priority pending proposals", on which it expects the co-legislators to deliver swiftly¹. As of 16 December 2015, there are 140 active ordinary legislative procedures, of which 23 have been agreed by the co-legislators at political level and around 30 are being negotiated in view of a first or (early) second reading agreement.

This note aims to present the state of affairs in the policy fields of Dutch priority, as well as the most important related dossiers to be addressed by the Dutch Presidency.

¹ Among those, agreement was reached on the Data Protection package, the EU PNR Directive, the Europol Regulation, the draft Directive on Network and Information Security, the Eures Regulation, and the Decision on European Platform on Undeclared Work. The European Parliament rejected the Commission proposal on GMOs.

1. GROWTH AND JOBS

1.1 Internal Market

The Juncker Commission's internal market priorities took shape in new policy frameworks such as the Investment Plan for Europe, the Digital Single Market Strategy, the Energy Union, the Capital Markets Union, the Trade for All Communication, the Circular Economy package and the upcoming Labour Mobility package. On 28 October 2015, the European Commission complemented the existing policy frameworks with an overarching Internal Market strategy, focusing on consumers, businesses and innovation. It will be delivering proposals in 2016.

The Netherlands will host an Aviation Summit for the preparation of the 2016 ICAO assembly on 20 and 21 January, which will also address the European aviation strategy recently adopted by the Commission. Maritime affairs and transport will also be high on the agenda during the Dutch Presidency.

The European Parliament set up on 17 December 2015 an inquiry committee to investigate alleged contraventions and maladministration in the application of Union law in relation to emission measurements in the automotive sector, following the "dieseldgate" scandal whereby the Volkswagen group used software to drive down NoX emissions cosmetically during tests. The inquiry committee shall present an interim report within 6 months of starting its work and shall submit its final report within 12 months.

The Commission will adopt 16 key actions under the Digital Single Market Strategy by the end of 2016 - Parliament will give its input at the upcoming January plenary session in a joint ITRE/IMCO report (Kallas/Gebhardt report). The first three legislative proposals presented on 9 December 2015 aim for more efficient cross-border digital contract rules and the modernisation of EU copyright rules. Further proposals will include the review of the telecoms regulatory framework, cybersecurity and online platforms. The Dutch Presidency will host a conference on the review of the Audiovisual Media Services Directive.

ONGOING MAJOR LEGISLATIVE PROCEDURES

- **Fourth Railway package** - the Dutch Presidency will pursue negotiations with the Parliament on the remaining three political dossiers related to public service contract, a Single European railway area and accounts of railway undertakings (Van de Camp, Sassoli and Kyllönen reports), in the hope to reach an early second reading agreement by spring 2016.
- **Air transport:** enforcement of passenger rights (Bach report) - Parliament adopted its first reading position in February 2014; the Dutch Presidency may put it on its agenda if a solution can be found for Gibraltar during the Aviation Summit of January.
- **Market access to port services** (Fleckenstein report) - the rapporteur will enter into negotiations with the Council following the adoption of the report in the TRAN committee in January 2016.
- **Corporate governance and shareholders' rights** (Cofferati report) - proposal on fiscal transparency and country-by-country reporting of multinational accounts; negotiations started with the Council on 27 October.

1.2 Protection of citizens

The Commission presented on 2 December 2015 a proposal for a Directive to improve accessibility to products and services by persons with disabilities. The Labour Mobility Package was also expected to be presented by the end of this year, including legislative proposals to review social security coordination among Member States and the revision of the Posting of Workers Directive, but the Commission has delayed its adoption. The Dutch Presidency views the free movement of goods and services in conjunction with the free movement of workers. It wishes to address occupational health and safety regulations and the revision of the Professional Qualifications Directive. A horizontal priority will be to combat unfair competition in employment, and promote "equal pay for equal work in the same workplace".

The Dutch Presidency will launch the European Urban Agenda and partnerships around specific urban themes involving Member States, cities, the European Commission and other stakeholders. It will organise a joint informal Environment and Transport Council on 14-15 April to address innovative technology and policy for smart and green transport solutions. The efforts to efficiently align EU policies such as innovation and cohesion with urban practices to create more jobs will culminate in the conclusion of the "Pact of Amsterdam".

ONGOING MAJOR LEGISLATIVE PROCEDURES

- **Medical Devices** and in vitro diagnostic medical products (Willmott and Liese reports) - Dutch Presidency aims to reach an early second reading agreement with Parliament on both files.
- **Consumer product safety package** - market surveillance of products (Pietikainen report) and consumer product safety (Schaldemose report), both files have been awaiting Council's position since their adoption in Parliament in April 2014, could possibly be addressed by the next Presidency.

2. EUROZONE AND EUROPEAN FINANCES

The Dutch Presidency will put a big emphasis on the review of the European budget and the democratic control and efficiency of the European agencies. It will organise on 28 January 2016 a conference on the MMF-review to prepare the ground for inter-institutional discussions. The mid-term review of the EU Multiannual Financial Framework and the System of Own Resources is going to be presented by the Commission at the end of 2016, with Parliament's input to be adopted before the summer. The High Level Working Group on Own Resources (HLGOR) chaired by Mario Monti will organise an inter-parliamentary conference in June 2016 before presenting its final report.

2.1 Economic and Monetary Union (EMU)

In the first stage of the completion of the EMU as outlined in the Five Presidents' report, the European Commission has presented an economic governance package on 21 October 2015, revamping the European Semester. From 2016 onwards, the European Semester will be divided into (i) a European phase from November to February to prepare the endorsement of euro area recommendations by the February European Council, followed by (ii) a national phase from

February to June, leading to the adoption of country-specific recommendations by the European Council of March. The European Parliament deplored the fact that the new timetable would not allow it to adopt a timely position on the euro area recommendations, which were presented together with the Annual Growth Survey (AGS) on 18 November 2015. The European Parliamentary Week will take place on 8-12 February 2016 in the European Parliament, and the joint debate on the European Semester is likely to be held in February 2015 as well, ahead of the March European Council.

The October economic governance package also included recommendations to establish National Competitiveness Authorities and a European Fiscal Board, as well as a proposal for a Council Decision on the external representation of the euro area. The European Parliament is asking to oversee the appointment of the members of the Fiscal Board. The Dutch government has expressed its discontent with the single representation of the eurozone, whereas the Parliament considers that the external representative of the euro area has to be democratically accountable. The Five Presidents' report on the EMU also provides for the conclusion of an inter-institutional agreement between the European Parliament, the Commission, the Ecofin Council and the Eurogroup, which could be negotiated under the Dutch Presidency.

In view of completing the Financial Union within the EMU, a legislative proposal establishing a European Deposit Insurance Scheme was tabled on 24 November 2015. The new European insurance mechanism for the national banking deposit guarantee schemes will be the third pillar of the Banking Union, which is currently based on the 'supervision' and 'resolution' pillars.

ONGOING MAJOR LEGISLATIVE PROCEDURES

- **Bank structural measures (BSR) improving the resilience of EU credit institutions** (Hökmark report) - Council approved a general approach, whereas Parliament's ECON committee is still trying to gather a political majority behind a compromise.
- **Money Market Funds** (Neena Gill report) - Parliament adopted its negotiating mandate on 26 May 2015 and it is waiting for the Council to start negotiations.

2.2 Capital Markets Union (CMU)

Commissioner Hill presented on 30 September 2015 an Action Plan for building a European Capital Market Union for the free movement of capitals in the EU. The strategy is a key pillar of President Juncker's Investment Plan for Europe and an important part of the completion of the European Economic and Monetary Union. It aims at facilitating bottom-up financing, unlocking liquidity and venture capital for the cross-border financing of SMEs, while ensuring financial stability in the banking sector.

ONGOING MAJOR LEGISLATIVE PROCEDURES

- **EU Securitisation Framework** (rapporteur not yet appointed) - one of the first legislative proposals presented by the Commission under the CMU; it introduces a regulatory framework for simple, transparent and standardised (STS) securitisations and revision of the capital calibrations for banks.

- **Prudential requirements for credit institutions and investment firms** (rapporteur not yet appointed) - proposal to adjust prudential (Solvency II) requirements for insurers' investments in infrastructure projects and European Long Term Investment Funds.

2.3 Tax policy

Concerning taxation, Parliament has set up a special parliamentary committee to look into EU Member States' "tax rulings and other measures similar in nature or effect" and make recommendations for the future. The report of the TAXE committee was adopted by plenary in November and at the request of the coordinators of the special committee, a TAXE II committee was given a mandate by plenary in December for a six-month term. The Presidency will prioritise action against tax evasion and tax avoidance and the conversion of OECD's Base Erosion and Profit Shifting (BEPS) measures into EU law will take place in the first half of 2016, based on the Commission's upcoming Corporate Tax package.

3. MIGRATION, SECURITY AND JUSTICE

3.1 Migration

According to recent figures from UNHCR, 1.065.184 asylum applications were submitted in the 28 EU Member States between January and November 2015, mainly from Syria, Afghanistan and Iraq. The increasing number of asylum applications, irregular border crossings and the unilateral responses given by Member States to the flow of refugees triggered proposals on a permanent relocation scheme and a common European list of safe countries of origin. The Commission also presented an EU Action Plan and a common Return Handbook to improve the return policies of Member States. On 15 December 2015 the Commission adopted a Border Management package to reinforce the mandate of Frontex, including a proposal for a European Border and Coast Guard, a draft Regulation on European travel documents for the return of illegally staying third country nationals and a draft Regulation on the reinforcement of checks against relevant databases at external borders.

The Dutch Presidency's migration policy priority is to improve the initial reception of refugees in Europe with a fair burden sharing, and to secure safe resettlement conditions with third countries. To address the causes of migration, the Dutch Presidency wishes to contribute to the strategic review of the Common Foreign and Security Policy of the EU, and the new Global Strategy on Foreign and Security Policy, to be presented to the European Council of 23-24 June 2016.

ONGOING MAJOR LEGISLATIVE PROCEDURES

- **Crisis relocation mechanism** (Kirkhope report) - Establishing criteria determining the Member State responsible for examining an application for international protection lodged in one of the Member States by a third country national or a stateless person.
- **EU list of safe countries of origin** (Guillaume report) - For the purposes of common procedures for granting and withdrawing international protection.

3.2 Security and Justice

To overcome the vacuum in the protection of personal data left by the decision of the ECJ invalidating the safe harbour agreement, the European Commission is renegotiating a framework for the transfer of EU citizens' data to US companies, which could come to fruition by January 2016. Meanwhile, enhanced European data protection rules were agreed by the co-legislators (Albrecht and Lauristin reports). The Directive on an EU PNR will be endorsed by Parliament in early 2016.

Following the terrorist attacks in Paris on 13 November, the Commission presented on 18 November a draft Directive to improve the control of the acquisition and possession of weapons, and an implementing Regulation to establish common guidelines on firearm deactivation standards. On 2 December, it was followed-up by a draft Directive on combating terrorism, establishing minimum rules on the definition of criminal offences and sanctions, as well as protection and assistance to victims of terrorism. The Presidency will pursue an integral approach to the migration crisis, terrorism, cyber security and human trafficking, and an administrative approach to crime and financial investigations. The Dutch government wishes to share its knowledge to develop a European Strategic Framework for Security Sector Reform (SSR) by mid-2016. It also wishes to improve the existing instruments such as the Schengen Information System to trace missing persons.

ONGOING MAJOR LEGISLATIVE PROCEDURES

- **European Public Prosecutor's Office** (Macovei report) - Parliament adopted an interim report but has not yet given its consent and Council has only reached an agreement on certain articles of the proposed Regulation.
- **Criminal proceedings package** - the procedural safeguards for children (Chinnici report) will be adopted in plenary in March as agreed with the Council and negotiations are ongoing on the provisional legal aid for suspects or accused persons deprived of liberty and legal aid in European arrest warrant proceedings (De Jong report)

3.4 Human rights, fundamental rights and rule of law

The first priority of the Dutch Presidency in this field will be to implement the EU Action Plan for Human Rights and Democracy 2015-2019 and combat child labour. Gender will play a crucial role in conflict analysis and the Presidency wishes to implement the Resolution 1325 of the UN Security Council on women, peace and security. The Dutch government wishes to continue the dialogue on strengthening the rule of law and fundamental rights within the Member States. To that end, the Presidency will organise a seminar on fundamental rights and rule of law in Strasbourg. 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 which would serve to contribute to the development of a future proposal from the Commission on such a mechanism.

4. ENERGY UNION AND CLIMATE CHANGE

Commission Vice-President Šefčovič has been on a European Tour from May to October promoting the EU's new Energy Union strategy. He presented recommendations on how national policies could contribute to a coherent European energy policy. His findings fed into a State of the Energy Union report presented on 18 November 2015, which from now on will be adopted on a yearly basis. For the Dutch Presidency, regional energy cooperation remains the main step towards market integration and security of supply.

On 15 July 2015, the Commission adopted the first legislative proposals under the Energy Union strategy, including the revision of the Energy Efficiency Labelling Directive and a proposal to reform the EU Emissions Trading System (ETS). This proposal will determine the future use of the stability reserve set up last October and provides for an innovation fund worth 50 million quotas. In early 2016, the Commission will present most of the remaining part of the Energy Union Roadmap.

The agreement reached at the Conference of the Parties (COP21) to the UN Framework Convention on Climate Change (UNFCCC) set the target for 194 countries to keep global warming “well below” 2C°, without being legally binding. To meet the EU commitments under the Paris Agreement, the Commission will present legislative proposals implementing the energy and climate framework for 2020-2030, namely on non-ETS sectors, measures leading to the creation of a single European transport area, a 15% electricity interconnection target by 2030 and proposals in the field of energy security, renewables and energy efficiency. Parliament’s ITRE committee will also be looking into the review of the Renewable Energy Directive and the implementation of the Energy Efficiency Directive.

ONGOING MAJOR LEGISLATIVE PROCEDURES

- **EU ETS reform** (Duncan report) - Proposal for a Directive to enhance cost-effective emission reductions and low-carbon investments; the Dutch wish to make progress on this file.
- **Revision of the Energy Efficiency Labelling Directive** (Tamburrano report) - reinstating a single A to G label scale to help consumers distinguish the most efficient products; preparatory phase in ITRE, whereas Council reached a general approach on 26 November.
- **Reduction of national emissions of certain atmospheric pollutants - NEC Directive** (Girling report) - partial vote by Parliament in October 2015, to be addressed by the Dutch Presidency.
- **Reduction of pollutant emissions from road vehicles** (Dess report) - first reading negotiations started in October 2015 and will continue under the Dutch Presidency.
- **Waste management** – the Commission presented four proposals under the Circular Economy action plan on 2 December 2015, 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 proposals are in preparatory phase at the Parliament’s ENVI committee, and will be a major issue for the Dutch Presidency.

5. EXTERNAL RELATIONS

5.1 Neighbourhood Policy and Enlargement

The European Commission presented its Neighbourhood Policy Review on 18 November, which will serve as the basis for discussions with partner countries during 2016.

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). Some parts of the AA have already been provisionally applied, but the AA will enter into force once all the outstanding Member States, that is Belgium, Cyprus, the Czech Republic, Greece, Italy and The Netherlands have ratified it. An advisory referendum on the ratification is to be held in April 2016 in The Netherlands, based on a citizens' initiative supported by 427,000 people. The Dutch parliament had already backed the AA, but campaigners fear that it could be a step towards EU membership.

Turkey and the EU agreed on a Joint Action Plan on 15 October 2015 to step up their cooperation on migration flows from Syria, and other issues such as the enlargement process, strengthening customs union, and visa liberalisation. On 29 November 2015, Heads of State and Government of the EU 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.

5.2 Trade

Ongoing major trade negotiations include the TTIP negotiations, to which the European Parliament adopted its recommendations on the 8 July 2015. The Commission has recently completed the 11th round of negotiations, making strong progress on Market access and the Rules chapters, however progress on regulatory cooperation remains slow. The proposal for a decision to sign and conclude a free trade agreement with Canada (CETA) will be adopted by the Commission during the 2nd quarter of 2016. EU-Japan free trade talks will be accelerated, in view of reaching an agreement during the Dutch Presidency. The Presidency will also follow-up to the 10th Ministerial Conference of the WTO held in December in Nairobi and shape the aid and trade agenda at EU level.

ONGOING MAJOR LEGISLATIVE PROCEDURES

- **Conflict minerals** (Winkler report) - Proposal to establish a system of self-certification for importers of tin, tantalum and gold originating in conflict-affected and high-risk areas; INTA adopted a negotiating mandate on 14 July 2015, and Council is expected to adopt its position.
- **Trade in torture instruments** (Schaake report) - negotiations started on 10 December 2015 and the Dutch Presidency will aim to conclude talks.

5.3 Defence policy

The Dutch Presidency calls for the strengthening of Common Security and Defence Policy (CSDP) cooperation at EU and inter-parliamentary level, embedded in the new Global Strategy on Foreign and Security Policy. It wishes to give defence cooperation a binding character. The Dutch Presidency also wants to strengthen cooperation with NATO on the approach to address hybrid threats, such as in the conflict in Ukraine, where conventional (weapons) and unconventional (cyber) tactics are both used. They consider the European defence market and industry a key condition for a strong CSDP.

6. INSTITUTIONAL REFORMS

The Dutch Presidency will coincide with the British campaign for EU reforms ahead of a UK referendum on EU membership to be held in 2016 - date to be determined. Prime Minister Cameron presented on 10 November 2015 the UK's specific demands related to Economic Governance, Competitiveness, Sovereignty and Immigration, which will be addressed by the European Council of 17-18 December 2015. The letter quotes the Dutch motto: "Europe where necessary, national where possible". The UK is the Netherlands' second biggest trading partner, and the Dutch government would be very much against a British exit from the EU.

The Dutch institutional priorities include the reform of the EU budget, red cards for national parliaments and enhanced transparency. The Netherlands will start a dialogue within the General Affairs Council on better governance, in the framework of article 197 TFEU on administrative cooperation. It will continue negotiations with AFCE on the legislative initiative for a Regulation on the European Parliament's right of inquiry (Jáuregui Atondo report) and follow-up on the recently adopted modification of the Electoral Act (Hübner/Leinen report), which needs the approval of the national parliaments too. Finally, the Presidency will push for the implementation of the new Inter-institutional Agreement on Better Regulation that is to focus on essentials and achieve a right balance between institutions.

III. MAJOR INTERNATIONAL EVENTS AND SUMMITS

- World Future Energy Summit, Abu Dhabi (18-21 January)
- World Economic Forum, Davos (20-23 January)
- Ukraine Week, European Parliament (29 February to 2 March)
- EU-US ministerial meeting on Justice and Home Affairs, Amsterdam (date TBC)
- World Humanitarian Summit, Istanbul (23-24 May)
- G7 Summit, Japan (26-27 May)

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