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Issue Brief

How Consequential Will be France's Presidency of the Council of the European Union?

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S*ummary*

One of the structural impediments for the European Union has been a lack of political will to make its various institutions work efficaciously in cohesion. Emmanuel Macron has been aiming high for the EU to reiterate its global positioning through a series of policy reforms. With him at the helm of the Council of the EU, there exists an opportunity to translate it into reality. This issue brief analyses three key policy reforms, which if executed duly, will fundamentally empower the EU to tackle the various challenges in a better way and support its outreach initiatives like the Indo-Pacific Strategy and the EU Global Gateway Strategy. However, with France gearing up for its national elections in April 2022, Macron's fate hangs undecided. Although he is leading the exit polls, he must use his performance at the Council of the EU to win the confidence of his domestic electorate as well.

For the first time in more than a decade, France under the leadership of Emmanuel Macron has taken over the presidency of the Council of the European Union from Slovenia on 1 January 2022, for a period of six months. France will be followed by the Czech Republic and Sweden. The three countries form the Council 'trio', a system established in 2009 by the Treaty of Lisbon,¹ under which, the three countries set long-term goals and agree on a joint agenda for an 18-month period.

Despite an array of institutions, EU has been sluggish in exhibiting the required dynamism to meet the demands of the day. Its institutions keep burgeoning but the problems remain only partially pursued. One of the fundamental reasons for this is bringing its 27 members with diverse and often conflicting national interests to a consensus. After Angela Merkel's exit (she bound the member states together with her trademark pragmatism and consensus building skills), Macron has been bestowed with a chance to showcase his enthusiasm for pan-Europeanism with élan. With this opportunity, however, comes myriad challenges. His vision for the Council and for the larger stature of its geopolitical positioning in the world is ambitious. If executed successfully, it may be consequential in changing the European Union. Not only that, his EU vision may be consequential for France and for Macron's political career as well.

This issue brief intends to analyse how the French presidency could bring structural changes in the EU. It will also examine the impact of the presidency on the electoral performance of Macron in France.

Relevance of the Council of the European Union and Its Presidency

EU's complex structure has been undergoing structural changes after the Treaty of Lisbon in 2009, which brought far-impacting amendments to the EU's structure and functions.² Prior to that, the EU structure was laid out as per the Maastricht Treaty that gave a three-pillar framework with European community being the most influential, and the Common Foreign and Security Policy and the Justice and Home Affairs pillars acting on a more inter-governmental level.³ The Treaty of Lisbon, however, changed that and focussed more on centralising the power and structure of the EU.⁴ It is often opined that the changes made to the EU following 2009

¹ ["Treaties Currently in Force - EUR-Lex"](#), EUR-Lex, Access to European Union Law.

² Ibid.

³ ["How Maastricht Changed Europe"](#), European Council, Council of the European Union, 7 February 2020.

⁴ Eeva Pavy, ["The Treaty of Lisbon"](#), Fact Sheets on the European Union, European Parliament, October 2021.

amendments are still a work in progress.⁵ Among the many organs of the EU, the one that France has assumed presidency of recently, is the Council of the EU. The structure and role of the Council is discussed next, in light of Macron's vision.

Functions of the Council of the EU

The Council negotiates and adopts EU laws, together with the European Parliament based in proposals from the European Commission. Hence, the EU Council is the co-legislator at the EU alongside the European Parliament.⁶ While the European Commission, the EU executive, has the power to propose new EU legislation, the co-legislators get to amend and adopt such proposals. The Council of the EU coordinates the member countries' policies, develops the EU's foreign and security policy, and concludes arrangements between the EU and the other countries or international organisations. It also adopts the annual EU budget jointly with the European Parliament.

What must be remembered is that the Council of the EU is different from the European Council (another body of the EU comprising heads of its member states). While the two bodies interact and discuss policy matters, the rotating presidency of the Council of the European Union should not be confused with the presidency of a similar sounding European Council whose current head is former president of Belgium, Charles Michel for a fixed period of five years.

Functions of the President

The presidency is responsible for driving forward the Council's work on EU legislation, ensuring the continuity of the EU agenda, orderly legislative processes and cooperation among member states.⁷ The presidency has two main tasks:⁸

- *Planning and chairing meetings in the Council and its preparatory bodies:* With France at the helm, the importance accorded to defence and security has been reiterated time and again. However, the main tasks of the Council Presidency are to plan and chair about 2,000 formal meetings and 150 informal meetings

⁵ Ibid.

⁶ [“The Council of the European Union”](#), European Council, Council of the European Union.

⁷ [“The Presidency of the Council of the EU”](#), European Council, Council of the European Union.

⁸ Ibid.

and conferences of the Council and its preparatory bodies during the period of six months; and

- *Representing the Council in its relations with other EU institutions*, particularly with the European Commission and the European Parliament. The presidency works in close coordination with:
 - The President of the European Council, presently Charles Michel. The European Council is a collegiate body that defines the overall political directions and priorities of the European Union.⁹ It is composed of the heads of state of the EU member states, along with the President of the Council of the EU, presently Emmanuel Macron and the President of the European Commission, presently Ursula von der Leyen.
 - The High Representative of the Union for Foreign Affairs and Security Policy, presently Joseph Borrell, also takes part in the meetings of the Council of the EU and the European Council.¹⁰

Significance of France Steering the Council of the EU

The aforementioned tasks have bestowed the Presidency with significant agenda-setting powers and this is where the role and vision of the relevant head of the state takes crucial importance. The presidency will follow the main policy lines that President Macron had set out in his speech for a sovereign, united and democratic Europe on 26 September 2017 at the Sorbonne.¹¹ Macron's speech at Sorbonne was the maiden articulation of his vision for Europe and the EU.

The next significant peek into the French vision for the EU came at the two-hour-and-20-minute press conference at the Élysée Palace held on 9 December 2021, where he laid out his goals for France's imminent presidency of the European Union with three words: "Recovery, power, belonging".¹² The major takeaways from his speech aim at least three ambitious policy reform plans that, if executed properly, will transform the EU fundamentally. Those plans may be summarised as follows.

⁹ ["The President's Role"](#), European Council, Council of the European Union.

¹⁰ ["The Role of the European Council"](#), *European Studies*.

¹¹ Emmanuel Macron, ["Vision of Post-Brexit Europe"](#), *France24*, 26 September 2021.

¹² ["Six Takeaways as Macron Unveils Priorities of French EU Presidency"](#), *Euronews*, 5 January 2022.

Strategic Autonomy

This has been a favourite theme of Macron's engagement with the EU and the world in the last few years. A more sovereign Europe, especially in the security and defence sectors, has come from the realisation that relying on NATO is no longer enough for Europe.¹³ This would translate into strengthening the defence union and other tangible defence and security modernisation mechanisms, thereby balancing EU's transatlantic security ties. On the same day when the AUKUS was announced on 15 September 2021, the EU Commission's President Ursula von der Leyen had emphasised the need to create a European Defence Union.¹⁴ She had also announced a 'Summit on Defence' during the first half of 2022, under the guidance of the French presidency of the EU.¹⁵ From a French perspective, assuring European strategic autonomy and more fundamentally setting up a system for European collective defence, are long-standing ambitions of French President Macron.¹⁶ Macron is justified in stating that not all EU members belong to NATO, but EU states face the same threats that need shared analysis, strategising and joint military exercises.¹⁷ Under French presidency of the Council, the EU's high representative for foreign affairs and security policy will prepare a position paper for the NATO summit in Madrid, scheduled to be held in June 2022.

With regard to the AUKUS agreement, more than the mere frustration over losing a valuable arms deal, the strong French reaction reflected its growing wariness towards the United States in the last decade.¹⁸ Whether President Obama's decision to not retaliate against Assad's regime in Syria in 2013¹⁹, or President Trump's decision to abandon the Kurdish fighters at the mercy of Turkish troops in 2019²⁰, the French felt similar sentiments of betrayal that European NATO allies started experiencing after the US's Afghan debacle. This wariness towards the US and the NATO is likely

¹³ ["Emmanuel Macron Warns Europe: NATO is Becoming Brain-dead"](#), *The Economist*, November 2019.

¹⁴ Ursula von der Leyen, ["2021 State of the Union Address"](#), *European Commission*, 15 September 2021.

¹⁵ Anne Rovin, ["EU: Political Will At the Heart of the State Union"](#), *Le Figaro*, 16 September 2021.

¹⁶ Victor Bouemar, ["EU Collective Defence: What Does France Want?"](#), *Clingadel*, 29 September 2021.

¹⁷ Israel G Vargas, ["Emmanuel Macron on Europe's Fragile Place in a Hostile World"](#), *The Economist*, 7 November 2019.

¹⁸ Victor Bouemar, No. 16.

¹⁹ Gilles Paris, ["The Day Barack Obama Erased His Red Line on Syria"](#), *Le Monde*, 7 April 2017.

²⁰ Éléonore de Noüel and Patrice Franceschi, ["The Abandonment of the Kurds by The Americans is a Moral and Strategic Mistake"](#), *Le Figaro*, 21 December 2018.

to shape the EU's quest for strategic autonomy under French leadership in the next six months.

Furthermore, being the only nuclear weapons power of the EU after Brexit, France's armed forces are the most heavily engaged and combat-ready, of the entire European Union. The return of Great Power politics has given France a particularly legitimate voice for shaping the defence of Europe.²¹ France is aware that EU, for not being a military power, has been sidelined in the US–Russia discussions on Ukraine.²² Strategic autonomy then is not merely about re-interpreting its transatlantic ties, but also seeking the ability to posture itself strongly against the military overtures of Russia in Ukraine and the Baltics.

France, since 2016, has been backing and shaping several mechanisms for the same. The key mechanisms that are integral to upgradation of EU's defence and security policy are discussed next.

Strategic Compass

Macron has stressed the need for the EU to realise that dependence on the US may be problematic for EU's strategic autonomy, especially in the context of the Greece–Turkey Mediterranean conflict.²³ This realisation got fuelled from the fact that there is no mechanism in NATO which decides its course in case of one NATO state attacking another. Such a scenario would complicate the cornerstone of NATO's collective defence as per its Article 5.²⁴ The strategic autonomy and self-reliance needed for the EU lies in the success of the EU's Strategic Compass which is now being worked out under the French vision.

The goal of the strategic compass is “to develop a sovereign, European strategy”. According to Christian Mölling and Torben Schütz, this serves three purposes: first, to formulate the first common threat analysis of the EU; second, to agree on clear and achievable strategic objectives for the EU to strengthen itself as an actor in security and defence; and third, to offer political guidance for future military planning processes.²⁵ It was launched under the German presidency in the second half of 2020.²⁶ A first draft of the Compass was unveiled to EU defence ministers in mid-

²¹ Victor Bouemar, No. 16.

²² Gideon Rachman, [“China and Russia Test the Limits of EU Power”](#), *Financial Times*, 17 January 2022.

²³ [“Turkey-Greece Tensions Escalate over Turkish Med Drilling Plans”](#), *BBC*, August 2020.

²⁴ [“The North Atlantic Treaty ‘Article 5’”](#), *North Atlantic Treaty Organization*, April 1949.

²⁵ Christian Mölling and Torben Schütz, [“The EU's Strategic Compass and Its Four Baskets”](#), DGAP Report No. 13, 11 November 2020.

²⁶ [“EPRS Strategic Compass”](#), *European Parliamentary Research Service*, April 2021.

November 2021, but it would require months of political negotiations with the 27 member states regarding its precise content. This would be one of the key challenges to tackle as Macron takes office of the Council. To be adopted in March 2022, the Strategic Compass will look at the five years from 2025 to 2030 and propose strengthened security and defence measures in the four areas of crisis management, resilience, capability development and partnerships.²⁷

The strategic compass, however, is unlikely to reach its maximum potential in the absence of necessary budget allocation.²⁸ Here again, the French initiative has proven to be impactful. Since 2017, the EU Defense Fund (EDF) has been established by the European Commission under the French initiative. This development comes against the background of declining defence budgets of the member states, which has particularly affected defence research and development (for example, total defence research and technological development amounts to only 0.9 per cent of defence expenditure against a target of 2 per cent agreed between EU member states).²⁹ Therefore, the development of new high-end defence systems is increasingly beyond the capacity of individual EU member states.

Cooperation in the defence sector remains weak within the EU. European collaborative equipment expenditure stand at only 18 per cent of the total defence spending for equipment procurement against an ambition of 35 per cent. Only 7 per cent of the total defence (Research & Technology) is collaborative, against an ambition of 20 per cent.³⁰ It is this gap that the EDF aims to address.

As part of the EU's Multiannual Financial Framework (MFF), 2021–2027, the EDF is intended to financially empower the EU's autonomy in defence technology and industry and its research and innovation capacity in future-oriented and disruptive defence technologies.³¹ The estimated EDF Budget, as mentioned in Table 1, appears to be promising.

²⁷ Josep Borrell, "[Towards a Strategic Compass for the EU](#)", *The European Security and Defence Union*, 31 December 2020.

²⁸ Joseph Borrell, "[European Commission VP: Embrace the EU's 'Strategic Compass'](#)", *Defence News*, 6 December 2021.

²⁹ "[European Defence Fund - Performance](#)", European Commission.

³⁰ Ibid.

³¹ Raluca Csernatonu, "[The EU's Rise as a Defense Technological Power: From Strategic Autonomy to Technological Sovereignty](#)", *Carnegie Endowment for International Peace*, 12 August 2021.

EDF Budget

EUR 7 953.0 million (Total financial programming 2021–2027)

2021	2022	2023	2024	2025	2026	2027
945.7	945.7	945.7	974.0	1 163.2	1 352.3	1 626.4

In EUR million.

Source: “[“European Defence Fund – Performance”](#)”, European Commission.

With €8 billion (US\$ 9 billion) for the period of 2021–2027, the EDF represents a step change, that according to the European Parliament’s update on its Common Security and Defence Policy will make the EU one of the top three defence research investors in Europe³² and hence the full potential of the Strategic Compass may be achieved. Macron has stressed time and again that the Strategic Compass is the closest thing the EU has to a military doctrine and akin to NATO’s Strategic Concept that sets EU’s alliance goals.

Growth of Security and Defence Policy under Macron

The Common Security and Defence Policy (CSDP) is an integral part of EU foreign policy. EU had taken a major step ahead with the Lisbon treaty amendments in 2009 by consolidating the EU's crisis management apparatus. However, the real paradigm shift was facilitated by the EU Global Strategy in 2016 that set a new level of ambition for EU defence. In addition to the CSDP playing an operational role in the EU's integrated approach to crises, the EU Global Strategy has stressed the need for the EU to become a more capable and effective defence actor.³³ Initiatives such as the European Defence Fund, the Coordinated Annual Defence Review (CARD) and more coherent financing for EU operations and capacity building efforts are all aimed at supporting EU's strategic autonomy and the European Defence Technological and Industrial Base.³⁴ France has had a key role to play in facilitating these security mechanisms and the next six months are likely to see a quick development in this area.

³² “[“Common Security and Defence Policy”](#)”, *Fact Sheets on the European Union – 2021*, European Parliament.

³³ “[“A Global Strategy for the European Union”](#)”, *European Union External Action Service*, 10 August 2018.

³⁴ Raluca Csernatoni, No. 31.

Likely Creation of European Intelligence Agency

Macron has been ambitious about the creation of a European Intelligence Agency. What the EU currently has is the EU Strategic Intelligence and Situation Centre (ESISC) within the European External Action Service. ESISC is not an Intelligence Service as it has no intelligence collection powers.³⁵ It is an intelligence fusion centre, based on finished intelligence, shared voluntarily by EU Member States' Intelligence and Security Services. One of the key ingredients in becoming self-sustaining and autonomous in security and defence will require the EU to have their own integrated intelligence agency. It must also be noted that the Anglophone countries already have a 'five eyes' intelligence sharing network led by the US.³⁶ Whether Macron will be successful in convincing the 27 members of the EU to share intelligence remains to be seen.

New European Growth and Investment Model

In early 2022, France will hold a summit around the 'New European Growth and Investment Model' in which economic development would be aligned with climate goals that would support innovation and the growth of European digital players and set rules for the digital world.³⁷ This plan has found some expression in the recently announced Global Gateway Strategy by the EU.³⁸ Under this strategy, between 2021 and 2027, the EU will mobilise up to €300 billion of investments. The caveat, however, is that unless the existing budgetary policy of the EU is changed, the ambitious Gateway Strategy will not work.

Realising this lacuna, France has been proposing to change the budgetary framework of the EU. Currently, under the existing four major criteria for joining the EU, the most controversial one is the fiscal criterion. Under this fiscal criterion, a seeking membership state's deficit must not exceed 3 per cent of their GDP and its debt-to-GDP ratio must not exceed 60 per cent.³⁹ For the existing member states, the same criterion is applied through the Stability and Growth Pact of 1997.⁴⁰ Especially in the post-Covid times, these criteria have been viewed upon as very harsh and

³⁵ **["ESISC - European Strategic Intelligence and Security Center"](#)**, *European Strategic Intelligence and Security Center*.

³⁶ **["Five Eyes Intelligence Oversight and Review Council"](#)**, Office of the Director of National Intelligence, United States of America.

³⁷ **["France to Push for 'New Growth Model' During Council Presidency"](#)**, *Endseurope.com*, 4 January 2022.

³⁸ **["Global Gateway"](#)**, *European Commission*, 1 December 2021.

³⁹ **["Conditions for Membership"](#)**, *European Commission*.

⁴⁰ **["Stability and Growth Pact"](#)**, *European Commission*.

restrictive.⁴¹ Already in 2020, 13 of the 27 member states of the EU had exceeded the 60 per cent debt-to-GDP ratio, including France. In 2021, 17 states came close to breaching this limit.⁴² Hence, Macron intends to change these harsh rules.⁴³

Related to the above is the sustainability policy, as per which the French Presidency plans to continue enforcing the European Green Deal, the broad climate, energy and environment policy agenda presented by the European Commission in December 2019.⁴⁴ The French Presidency will coordinate work around the following main components:

- Accelerating the transition to a *decarbonised economy* to become climate neutral by 2050;
- Bolstering measures to preserve *biodiversity*;
- Promoting a more *circular* and sustainable *economy*; and
- Achieving the transition towards a *healthier environment*.

Under energy priorities, France has stated its conviction that nuclear energy is a critical tool to decarbonise the European industry, meet emission reduction targets and strengthen energy sovereignty and independence.

These changes are crucial for the EU to lessen its economic dependence on China especially after the harsh economic sanctions Lithuania received for its stand on Taiwan that also targeted EU's supply chains.⁴⁵ The next in the Chinese line of fire could be the Czech Republic, whose successive governments have not only been friendly towards Taiwan,⁴⁶ but the latest Czech government has also announced diplomatic ties with Taiwan, a red line for China.⁴⁷ However, by targeting the EU's supply chain, China has dented the integrity of the European single market, which is central to EU's economy and strategic aspiration.⁴⁸ Hence, it is the right time indeed for France to make conducive fiscal changes within the EU to better support

⁴¹ Mario Draghi and Emmanuel Macron, "[The EU's Fiscal Rules Must be Reformed](#)", *The Financial Times*, 23 December 2021.

⁴² Ibid.

⁴³ Ibid.

⁴⁴ "[European Green Deal](#)", European Commission, 11 December 2019.

⁴⁵ "[China Downgrades Diplomatic Ties with Lithuania Over Taiwan Row](#)", *DC Decides*, 21 November 2021.

⁴⁶ "[China Warns Czech Leaders Will Pay 'Heavy Price' for Taiwan Visit](#)", *Deutsche Welle News*, 31 August 2020.

⁴⁷ "[New Czech Government Shuns China, 'Tie the Knot' With Taiwan](#)", *China Reports*, 24 December 2021.

⁴⁸ Gideon Rachman, "[China and Russia Test the Limits of EU Power](#)", *Financial Times*, 17 January 2022.

its Gateway Strategy. Furthermore, EU's Indo-Pacific Strategy is also focused on resilient supply chains, sustainable connectivity and maritime security with partners.⁴⁹ At the heart of such aspirations is EU's own structural health.

Border Policy

Macron aims for a wide scale reform of the Schengen free movement area that is aimed at regaining control of Europe's borders.⁵⁰ So far, Schengen can only be temporarily suspended for 30 days or in exceptional circumstances for a maximum of two years in emergency situations like a serious threat to public policy or internal security in a member state to migration, terrorism and more recently, the Covid-19 pandemic.⁵¹ Back in 2017, France and Germany, in a proposal backed by Austria, Denmark and Norway, had called for the total period limit to be doubled to four years in view of the terrorist attacks.⁵² In 2022, this move is directed towards preventing the misuse of right to asylum and better manage the burgeoning refugee crisis that Europe is reeling under. France would also back the creation of the 'Emergency Border Support Mechanism' drawing upon Frontex that would allow for personnel and equipment to be rapidly deployed where and when necessary.⁵³ The current migrant crisis on the Poland--Belarus border seems to be the trigger for this move. If successful, this would effectively tackle the chaotic influx of refugees that Europe is reeling under.

Political Timing of the French Presidency

What also makes France's presidency so consequential is its political timing. France is heading for presidential elections in April 2022. The first round is due on 10 April 2022 and assuming no candidate would get a clear majority, there will be a second round on 24 April 2022. The two rounds of the National Assembly election will be held on 12 and 19 June 2022. What it potentially means is that the French presidency of the EU is not just a formality for Macron but an opportunity to appeal to his domestic audience. Macron has been leading in recent polls, with 24–26 per

⁴⁹ Eva Pejsova, "[The EU's Indo-Pacific Strategy in 10 Points](#)", *The Diplomat*, 20 April 2021.

⁵⁰ "[Brussels Presents a Reform to 'Strengthen' the Schengen Area](#)", *Archyde*, 15 December 2021.

⁵¹ Mary A. Shiraef, "[Europe's Border Responses to COVID-19 in Global Context](#)", *University of Notre Dame*, 16 December 2021.

⁵² "[Extend Border Controls to Counter Terror Threat, Say France and Germany](#)", *The Guardian*, 15 September 2021.

⁵³ "[Macron to Push For Reform of Schengen Area During EU During Presidency](#)", *The Local*, 9 December 2021.

cent votes in the first round, among a broad field of presidential candidates.⁵⁴ His performance at the EU could be instrumental in fetching him votes back home. If so, better continuity is expected in the EU's transformation. However, in case of Macron's unlikely defeat, the EU would slide back in a state of uncertainty about how to forge the required political will that is necessary for its transformation.

⁵⁴ [**"New French Election Poll Shows Macron Would Beat Main Challenger"**](#), *France24*, 5 January 2022.

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