

## **The Cyprus Presidency Pragmatism amid European Anxiety**

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**24 January 2013**

The stars were misaligned when Cyprus took over from the efficient Danish Presidency of the Council of the European Union in the second half of 2012. On June 25th, only a week before the start of its Presidency, the government of Cyprus, led by the largely unpopular Communist politician Dimitris Christofias, was forced to ask for a bailout package (representing more than half of the island's GDP) to salvage its ailing banking system. Cyprus was the fifth eurozone member to do so (after Greece, Portugal, Ireland and Spain), but the first when taking on the rotating Presidency, which severely undermined its credibility to act as the Council's honest broker on issues of economic reform and financial stability. Another irritant was posed by Turkey's boycott of the Cyprus Presidency, which not only froze efforts to resolve the decades-old dispute over the divided island but also had a negative if limited impact on EU-Turkish relations in general. Finally, inherent obstacles to running the Presidency were posed by the geographical remoteness of the island from Brussels and the size of the administration of this third-smallest EU member state. Given these daunting obstacles, the low level of expectations and the high level of apprehension, it is perhaps surprising that the Cyprus Presidency managed to score a number of positive results at all. Arguably, this is largely due to perpetual motion of the EU legislature, but also thanks to Cyprus' pragmatic approach to the job.

### **Main priorities and results**

Any proper assessment of an individual EU Presidency is fraught with difficulties because the work of the Council transcends the six-month rotational scheme and priorities are nowadays set for three successive Presidencies (the so-called 'trio'). In the second half of 2012, three priorities stood out: concluding a deal on the long-term EU budget and the multiannual financial framework 2014-2020, strengthening economic governance and finalising negotiations on the Common European Asylum System. In essence, Cyprus thereby tried to wrap up the work carried out by its predecessors in the trio, Poland and Denmark. A specific focus on solidarity between member states (e.g. through the cohesion policy) set Cyprus' agenda apart from the trio's programme.

On the bright side, the Council agreed in December to set up a Single Supervisory Mechanism, following an extraordinary ECOFIN meeting instigated by the Presidency, drawing on the earlier roadmap tabled in October after that month's European Council. The

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agreement signified a crucial and very substantive step towards completion of the banking union and a timely step forward in the integration of financial supervision for the euro area. Furthermore, by aptly negotiating with the European Parliament, disagreements over the Commission's proposal were papered over and an impasse on the EU budget 2013 talks was averted in time. Other successes included the adoption by the Council of two regulations with a view to implementing enhanced cooperation between 25 member states in the area of the creation of unitary patent protection, the adoption of the Credit Rating Agencies III Directive, and the closing of chapters in accession negotiations with Iceland and Montenegro, despite the enlargement fatigue that has been prevailing in Europe the last few years. In the realm of EU external action, the Presidency replaced HR/VP Ashton on a number of occasions, in December, for instance, by briefing the European Parliament on the Middle East Peace Process and by chairing the EU-Georgia Cooperation Council.

However, most of these successes were overshadowed by a failure to reach a deal on two of the Presidency's priorities. First, Cyprus proved unable to reconcile stark differences between member states on the multiannual financial framework 2014-2020. Its revised 'negotiation box' that foresaw strategic cuts was met by harsh criticism from Parliament's rapporteurs, who argued that it "sends out a very bad signal when it comes to policy priorities" in terms of stimulating competitiveness, growth and employment. To add to the frustration, European Council President Van Rompuy largely abandoned the proposal on the eve of the European Council of November. Sadly, Van Rompuy's own proposal to the heads of states and governments could not avert the postponement of a deal until well into 2013. Secondly, the Cyprus Presidency failed to conclude negotiations on the Common European Asylum System before its self-imposed deadline of the end of 2012, mainly because the EP did not agree with the Council on the rules concerning the use of the asylum seekers' fingerprint database. Other failures include the inability to advance preparations on reform of the Common Agricultural Policy (the examination of proposals was part of the trio's agenda), in a large part due to the lack of financing in absence of the long-term EU budget.

### **Compensating for small size and lack of experience**

Overall, the balance sheet is mixed. Observations of previous post-Lisbon Presidencies apply to that of Cyprus as well. Whereas, the Presidency remains an important gatekeeper for passing EU legislation, its visibility and influence are limited nowadays: the wolves (politicians) are expected to dance the waltz (be an honest broker), while there is no obvious reward.<sup>1</sup> For instance, in the context of the eurozone crisis, decisions are increasingly taken by the Eurogroup, which is not chaired by the Presidency. Denmark and Poland both suffered from this as non-eurozone countries, while Cyprus itself was the object of unwanted attention. The potential influence of the Presidency on these issues was eclipsed by the return of 'Big Three' politics to the EU, even if the dynamics between Berlin, London and Paris are different than before. In the protracted eurozone crisis, decision-making is largely defined by the power of the purse, with Germany holding the strings, albeit reluctantly. France has always felt pro-EU by destiny, and will remain so if new arrangements do not lower its own standing. David Cameron's strategy for Britain's relations with the EU, however, has thrown a spanner in the works of the informal triumvirate. As the African proverb goes, when the elephants fight, it is the grass that suffers. In the current economic, financial and political climate, there is little that a small and new member state Presidency

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<sup>1</sup> See Piotr M. Kaczyński, "What is Left for the Rotating Council Presidency under the Lisbon Rules?", in E. Fabry (ed.), *Think Global - Act European: The contribution of 16 European think tanks to the Polish, Danish and Cypriot Trio Presidency of the European Union*, Paris: Notre, Europe 2011, pp. 340-343.

can accomplish, other than keeping bread-and-butter issues on the right track and achieving a few minor 'priorities'. The Cyprus Presidency was not an exception.

The decision to have a 'Brussels-based' Presidency, with many of Cyprus' civil servants operating from the EU's headquarters, was a pragmatic solution to overcome obvious limitations in administrative capacity. Generating political momentum on controversial issues by touring through national capitals has proven difficult for Cyprus. The ability of a small Presidency to notch up individual successes and to act as a corrective instrument to big member states' politics relies largely on the extent to which it can position itself inside the institutional triangle between the Commission, Parliament, and the President of the European Council. As the Parliament has gained competences in more policy areas, maintaining good relations with the EP has become more important for a successful run of the Presidency. Given the ideological differences between Van Rompuy, a Christian Democrat, and Christofias, a Communist, expectations of a productive relationship on that axis were rather low.

Yet, the Cyprus Presidency has been able to make significant progress on a number of issues. Also, its bureaucracy and diplomatic service have been given a chance to gain some valuable experience in European affairs. In dealing with the preparations towards the Presidency, Cyprus has shown resilience by agreeing to pragmatic solutions with its predecessor. Illustrative of this ingenuity and cooperation were Cyprus' chairing of some working groups related to defence (where Denmark received an opt-out) in the first half of 2012, where the Danes continued chairing the *codex alimentarius* working group (in which Cyprus lacked expertise) in the second half of 2012. The number of these so-called 'seconded officials' was, however, more limited than is usually the case with smaller presidencies. Still, in these respects, the Cyprus Presidency might serve as a model for small and new member states that are slated to hold the Presidency in the future, such as Lithuania (end 2013), Latvia (early 2015) and Malta (early 2017).