

GRAYLING

**CROATIAN PRESIDENCY OF
THE COUNCIL OF THE EU**

January 2020

Croatian Presidency of the Council of the EU

January 1, 2020 signaled the official start of Croatia's Presidency of the Council of the EU. At the very end of 2019, the Croatian Government presented the Presidency program, which outlines the priorities and activities for the following six months. It is expected that the European Commission will present its legislative activity plan by the end of January, with Croatia then following the priorities of that plan.

Croatia joined the EU in 2013 and is its youngest member, which makes the Presidency a challenging task but also an important platform for the Prime Minister, Andrej Plenković, which he will attempt to use to help manage upcoming turbulence domestically. Plenković's HDZ party (Croatian Democratic Union, centre right) suffered two recent defeats in the European Parliamentary and presidential elections, which are significant given the fact that there are parliamentary elections in Croatia in just nine months' time. It is going to be an interesting battle between HDZ and the SDP (Social Democratic Party, left oriented), the party which won the recent elections, but also *within* HDZ, where the far-right of the party is making a strong charge. In a sense, the EU Presidency may be a blessing in disguise for Plenković, as he can weather the storm at home by shifting the focus on to EU matters.

Some ministers, for example the Minister of Foreign and European Affairs, Gordan Grić Radman, has already chaired the Foreign Affairs Council in talks with Kyrgyzstan after the Finnish government collapsed. Plenković himself has an impressive Brussels resume and is well known in EU circles. Since 1997, he has been immersed in European affairs and was in key roles when Croatia began its application to join the EU. For quite some time, there have been whispers about his aspirations for a senior EU level role.



Top three priorities

1) Brexit: If Brexit goes through by 31 January, as it now almost certainly will, Croatia will have the **task of coordinating with the European Commission and the Council of the EU to set up a proposal for future contractual obligations between the UK and EU.**

2) The EU's 7-year budget plan: The multiannual financial framework is, without doubt, the most important dossier on the agenda for the Presidency, and Croatia, as a net-beneficiary, **will try to secure adequate funding for cohesion policy and agriculture.** It is estimated that the UK's departure will leave a budget gap of €12 billion in the first year and €84 billion over the following seven years, which will be covered through reduced spending and by increasing budget contributions to 1.07% of gross national income (GNI).

3) EU expansion: Croatia will organise a **high-level meeting called the EU-Western Balkans Summit** in May 2020, which will focus on **continuing the negotiations with candidate countries and proceeding to launch the process for countries such as North Macedonia.** Plenković already visited French President Macron in January to discuss how these talks could be continued. Another key point is to try to open negotiations with Bosnia & Herzegovina and Kosovo.

Key topics and sectors

Croatia has also prepared an overview of activities and priorities which will be run through various councils. The priorities are summarized below:

Trade

The focus will be on continuing the negotiations within the WTO, with the EU retaining its leading role when it comes to modernizing the WTO. The Presidency will actively participate in the preparation of, and work with, the **12th WTO Ministerial Conference.** Croatia will continue working on the **Directive on the access of goods and services from third countries to the Union's internal procurement market** and on **finalizing the legislation on dual-use items.**

Taxation

Croatia will continue to work on direct and indirect taxation, advocating transparency and safety by preventing fraud and tax evasion. Croatia has identified the importance of starting to work on an **EU Single Window in the customs environment** which will simplify and speed up customs procedures and, ultimately, bring savings.

Health

On health, the Presidency will focus on exploring improved collaboration around organ transplantation (Croatia is a leader in this area). Also, faced with the increased incidence of chronic non-communicable diseases, the Presidency aims to facilitate the more effective use of available healthcare resources. Croatia will also continue work on **a Regulation related to health technology assessment.**

Transport

The main priority is to improve and complete the **Trans-European Transport Network** in order to secure a functioning single EU market. The focus will be on sustainable maritime activities. An informal meeting of maritime affairs ministers will be held with the aim of adopting a declaration about the EU's strategy for a competitive and sustainable shipping sector.

Telecommunications

In telecommunications, the Presidency will prioritize the implementation of the 5G network, with a focus on cybersecurity and measures to support the development of smart cities. The Presidency will also continue working on the adoption of the **Directive concerning measures for a high common level of security of network and information systems across the Union, the Cybersecurity Act and the ePrivacy Regulation.**

Digitalization

Digitalization has been included in almost every aspect of the Presidency, with the emphasis on continuing to work on documents that ensure **connectivity**, the establishment of a **functional digital single market**, and a breakthrough in new areas such as **artificial intelligence**, the **Internet of Things** and the related **data economy**. Also, the Presidency will focus on **reducing the digital gap** and the development of digital skills, as well as ensuring the greater inclusion of women in the digital sector.

Energy

The Presidency will continue working on activities related to effective implementation of the five pillars of the Energy Union, as the backbone of the common European energy policy. The Presidency will **pay particular attention to energy security, with a special emphasis on diversification and the development of infrastructure**. Around the transition to clean energy, special attention will be paid to fair energy transition and the regional contribution to low-carbon or climate-neutral development, with a particular emphasis on the **energy transition of islands**, working towards the adoption of the long-term framework stipulated by the 2017 Political Declaration on Clean Energy for EU Islands (Valletta Declaration).

Agriculture

The priority will be to continue to work and reach an agreement on legislative proposals from the **Common Agriculture Policy (CAP) after 2020**. The objective is to define the rules of the new CAP which will be aligned with the new common priorities of the EU, including the environmental and climate goals. In order to speed up planned activities in Member States and at EU level, the Presidency will organize a conference to intensify discussions on the promotion of the bioeconomy.

Food safety

Emphasis will be placed on promoting common EU rules related to the production, inspection, sampling, import, circulation and certification of plant material, as well as to the notification, detection and

eradication of pests. Consumer protection and food safety issues will be discussed in the context of the new European Green Deal and the new sectoral **"Farm to Fork Strategy"**.

Environment

The Croatian Presidency will place emphasis on biodiversity conservation at the EU and global level after 2020. The Presidency intends to continue the debate on measures to **strengthen the protection of the marine environment from pollution** in accordance with Sustainable Development Goal 14 – the conservation of oceans, seas and marine resources, while taking into account the transition to a circular economy and **the implementation of the Marine Strategy Framework Directive after 2020**. At the same time, the Presidency will initiate discussions on the **Circular Economy Action Plan**, which is aimed at achieving more sustainable use of resources through a reduction in the use of materials, the prevention of waste generation and by deepening intersectoral cooperation. This should contribute to achieving the objectives of the **European Green Deal**. The Presidency will initiate all of the actions necessary to define the first European "Climate Law" in the context of the European Green Deal. The goal is to achieve climate neutrality by 2050 and incorporate it into European legislation.

Grayling comment

The scope of priorities presented by the Croatian Government looks vast and overambitious, and it is unlikely that Croatia will be able to focus on all activities equally. Also, in all of these areas, it appears that Croatia will be the passenger rather than in the driving seat as issues such as Brexit are far too big for Croatia to have a truly important role. From the outset, though, it seems that Croatia is determined to achieve a breakthrough in EU expansion policy, especially with countries such as North Macedonia.

Grayling Zagreb & Grayling Brussels

Through its offices in Zagreb and Brussels, Grayling is strongly positioned to support clients with market intelligence, Public Affairs activities, stakeholder outreach etc. during Croatia's Presidency – and beyond.

Grayling Zagreb

Vlaška 70c

10000 Zagreb

T: [+385 1 488 2860](tel:+38514882860)

Grayling Brussels

Avenue des Arts 46

1000 Bruxelles

T: [+32 2 732 7040](tel:+3227327040)

GRAYLING