

RESULTS OF THE LATVIAN PRESIDENCY OF THE COUNCIL OF THE EUROPEAN UNION

Latvia took over the Presidency of the Council of the European Union from Italy on 1 January 2015. The six months of leading the work of the Council was a time full of opportunities and challenges.

The opportunities have been associated with the new institutional cycle that began shortly before the Latvian Presidency, when new members of the European Parliament and the European Commission began their work. The European Commission elected in November 2014 launched a series of new proposals to be submitted for approval by the legislators: the Council, chaired by the Presidency, and the European Parliament. The Latvian Presidency seized this opportunity through active advancement of the legislative proposals and policy initiatives elaborated by the European Commission. Last year the new institutional cycle made it possible to approve a strategic agenda of five key priorities for the next five years¹ thereby achieving more goal-oriented EU action.

The main challenges of the Latvian Presidency were related to the security situation in the European Union, its neighbourhood and around the world. The situation in Ukraine, the European Union's reaction to annexation of the Crimea has been discussed in all the meetings of the Heads of States and Governments during the last year. Significant challenges to international security have been and still are present also in other regions such as the Middle East and North Africa. In addition to that, at the beginning of the year, we have faced new challenges for the security of the European Union, which revealed the European Union's shortcomings in combating terrorism.

As for domestic policy developments in the European Union, at the time when Latvia took over the leadership of the Council of the European Union from Italy, the socio-economic situation in the European Union and the discussion on the promotion of growth and employment were playing an important role on the agenda of the European Union. The fragile growth, which showed the risk of stagnation, low inflation, and significant unemployment rates have led the European Union to seek growth-enhancing solutions. This year, the EU economic situation has improved, and growth is forecasted in almost all the EU Member States², although the consequences of the financial and economic crisis of 2008 have not yet been fully overcome.

As we already predicted at the end of last year³, the European Union, during the Latvian Presidency, faced considerable migratory pressure, which mainly affected the southern EU Member States. However, the scale of the migration flows proved to be

¹ (1) A Union of jobs, growth and competitiveness; (2) A Union that empowers and protects all citizens; (3) Towards an Energy Union with a forward-looking climate policy; (4) A Union of freedom, security and justice; (5) The Union as a strong global actor.

² Economic Forecast of the European Commission, Spring 2015

http://ec.europa.eu/economy_finance/publications/european_economy/2015/pdf/ee2_en.pdf

³ Annual Report by the Minister of Foreign Affairs on accomplishments and activities planned with respect to national foreign policy and the European Union affairs (http://www.mfa.gov.lv/images/zinojums_FINAL_FINAL_ENG.pdf).

unexpectedly large. During the first months of this year, more than 150,000 asylum seekers have arrived in the EU.

The Latvian Presidency of the Council of the EU has taken advantage of all the opportunities provided to it and has made a considerable progress in the set priorities – *Competitive Europe, Digital Europe* and *Engaged Europe* – at the same time being able to provide an immediate and professional response to the challenges to the EU’s internal security, and for EU migration and asylum policy.

Latvia has ensured a contribution of the Council of the EU to the European Union's economic recovery and growth policies, focusing on the promotion of competitiveness of the European Union, the use of digital potential in the growth of economy, and the strengthening of energy independence of the European Union. In cooperation with the High Representative of the European Union for Foreign Affairs and Security Policy, the Latvian Presidency has promoted the security, economic and social stability in the EU neighbouring countries and globally.

Thereby, the Latvian Presidency has made its contribution for attainment of the objective defined in the framework of the Trio Presidency⁴: “to fully overcome the economic and financial crisis while boosting the Union’s growth, to strengthen the Union’s capacity to deliver more jobs and to seize digital opportunities, to safeguard fundamental rights and to fully play its role in a fast changing world.”

Main results in the priority areas for action

Competitive Europe

Competitiveness of the European Union is closely associated with its growth and thus with the quality of life in the European Union. The Latvian Presidency has put much effort into creating and promoting favourable conditions for the socio-economic development of the European Union.

The Latvian Presidency developed preconditions for attracting additional investments to the European Union economy. The agreement on the European Fund for Strategic Investments provides for 16 billion euros from the budget of the European Union to be used as a guarantee, which together with a five billion euro guarantee from the European Investment Bank would allow the raising of up to 315 billion euros for the EU economy – for development of infrastructure, research, innovations and development, investments in education and training, health care, information and communications technology, development of the energy sector, as well as the support for small and medium-sized enterprises. The European Fund for Strategic Investments has a potential to contribute to projects which promote innovations and facilitate competitiveness of the EU, since the Fund will support projects that have previously been considered too risky to be granted a loan.

⁴ Cooperation between Italian – Latvian – Luxembourg Presidencies of the Council of the EU during the period from 1 July 2014 to 31 December 2015.

Operation of the Fund for Strategic Investments will cover the entire territory of the European Union.

The Latvian Presidency has also contributed to improving the investment environment by strengthening the EU Single Market. The Latvian Presidency has reached an agreement on a number of priorities, which will unfold the potential of the Single Market. They intend to remove unjustified and disproportionate regulatory and non-regulatory obstacles faced by EU companies, especially small and medium-sized enterprises; full implementation of the Directive on services in the internal market and improvement of the notification procedure prescribed by the Directive in providing information to other EU Member States about the changes in requirements for service providers; the EU service sector policy has to emphasize those sectors, which have the strongest potential to contribute to EU competitiveness and cross-border trade (professionals and business services, construction and retail trade services); the European Commission has to undertake more active role in monitoring of the implementation and enforcement of the Single Market rules in the EU Member States.

The Latvian Presidency has reached an agreement on a number of legislative proposals providing for **facilitation of the cross-border activities of companies** in the Single Market, for example, through creation of a modern and efficient cross-border insolvency procedure; making the EU trade mark registration system less complex and less expensive for business; promoting transparency of the activities of joint stock companies; making it easier to establish companies, particularly small and medium-sized enterprises in other Member States, and providing for online registration of enterprises; and, inter alia, raising the threshold for the **European small claims procedure in cross-border** litigation.

The Presidency has also reached an agreement on a number of legislative acts, which **will be beneficial for the consumers.** Agreement on the payment services will protect citizens from abusive and incorrectly executed transactions, and thereby electronic payments will become more secure. The commission for transactions with bank cards levied by the banks for each transaction and included in the total prices of goods and services will be capped. And an agreement on EU rules of package holidays, also if purchased online, will provide higher protection to travellers, for example, in the case of emergency situations, and in the event of insolvency of the service provider.

The Latvian Presidency has promoted contributions of the transport sector in increasing competitiveness of the European Union and strengthening the EU Single Market. The agreement reached regarding the Fourth Railway Package is significant for the development of the railway market and economic growth of the railway sector. It will eliminate a number of obstacles to the creation of a Single European Railway Area by providing, for example, a single security certificate valid throughout the European Union, which the railway carriers operating in several EU countries will be able to use.

Competitiveness of the European Union will be promoted also by achievements of the Presidency in the agriculture and fisheries sector. The Latvian Presidency reached an agreement with regard to a single approach to ensure animal health by means of determination of a uniform and a clear legal framework for the supervision and control of infectious animal diseases, thereby contributing to the public health and

safe food chain. Accomplishments of the Presidency in organic agriculture will provide further development of this sector by improving the legal norms governing organic production, guaranteeing fair competition of farmers and entrepreneurs as well as increasing trust of consumers in organic products. Whereas the full agreement now reached on the landing obligation will stop the previous practice of discarding fish catches that had both a negative influence on fisheries as well as on the condition of the marine environment.

The Latvian Presidency has laid the foundations for the European Energy Union which is oriented toward strengthening of EU energy independence and outlines a clearer direction toward a common energy policy in the European Union. Formation of the Energy Union started in February with the so-called “Riga process”. It specifies five interconnected energy policy dimensions (energy security and solidarity mechanisms; a fully integrated internal energy market; increasing energy efficiency so as to reduce demand and help lower consumption; the transition to a low-carbon economy; and attention to research, innovation and competitiveness) and these must be viewed together, thereby giving a new quality to the EU’s energy policy. The Latvian Presidency has emphasised the need to ensure stable and affordable energy prices for consumers, more options in the energy market, and clearer availability of information on the energy suppliers. Concerning questions of investment promotion, the Latvian Presidency has emphasised access to all possible sources of funding and the importance of a predictable investment environment. During the Latvian Presidency, decisions have been taken regarding the promotion of energy security, for example, by providing for greater transparency in the gas supply contracts concluded by EU Member States or the companies operating therein with third countries or involving companies from third countries.

The Latvian Presidency has adopted important decisions related to establishment of the European Energy Union, by promoting transition to an economy based on low-carbon power sources economy and thereby increasing the EU energy independence. The Latvian Presidency has reached an agreement with regard to commitments of the European Union on post-2020 climate change reduction, ensuring a timely EU contribution to preparation of the Climate Change Conference in Paris. In order to stimulate investments in environmentally friendly technologies, energy efficiency and the use of renewable energy sources, the Presidency has reached an agreement on the establishment and the functioning of the EU Emissions Trading System Market Stability Reserve. The EU Emissions Trading System is the main instrument for reducing greenhouse gas emissions from the large energy and industrial production facilities. Thereby an optimal number of emission allowances on the market will be ensured and, as predicted, the emission allowance price will increase.

The Latvian Presidency has drawn attention to the inclusive labour markets and the quality of jobs as a significant prerequisite for the strengthening of EU competitiveness in the long term. We have highlighted the issues which under the impact of the economic and financial crisis had gained less attention— namely, sustainability and the quality of jobs, sufficiency of wages, career opportunities, and the secure transition from one job to another. The Latvian Presidency has also emphasised the importance of a high quality social dialogue at the national and European level in promoting competitiveness of the EU.

The Latvian Presidency has promoted initiatives aimed at fair treatment of all the taxpayers in the EU Single Market. In order to combat tax evasion and aggressive tax planning, the Presidency has drawn up a roadmap setting out short-term, medium and long-term measures to combat the tax base erosion and profit shifting. The Presidency has made progress on the issue of mandatory and automatic exchange of information between the Member States on the so-called tax rulings, thus stimulating enterprises to pay taxes in the countries where their profits are gained.

In order to restore the confidence of consumers and investors in the financial markets, the Latvian Presidency has contributed to stability, integrity and fairness of the financial markets. The Presidency has reached an agreement on banking structural reform that will prevent large banks that are deemed of global systemic importance to use the depositors' funds in high-risk financial operations; an agreement with regard to prevention of manipulation with benchmarks, or reference prices for financial instruments used, for instance, in setting the interest rate for the mortgage loans; and an agreement with regard to closer supervision of the so-called shadow banking.

During the Latvian Presidency, agreement was reached on three economic policy priorities of the European Union: investment promotion, structural reform and implementation of a responsible fiscal policy as well as country specific recommendations to each Member State based on these priorities, thus concluding the annual economic policy co-ordination cycle of the European Union (the so-called European Semester).

Digital Europe

The Latvian Presidency contributed to unlocking the potential of Europe's digital economy and the Digital Single Market in order to promote EU competitiveness, economic growth and job creation. The Digital Single Market has indeed a potential of adding up to 415 billion euros⁵ to the economy of the European Union and creating hundreds of thousands of new jobs. Just as important has been the work of the Latvian Presidency on the draft legislation essential for the establishment of the Digital Single Market in the areas of telecommunications, cybersecurity and data protection. The main challenge for the Latvian Presidency was to strike the right balance between the interests of consumers and industry.

The Latvian Presidency advanced initiatives promoting a secure and trustworthy digital environment in the European Union.

The Latvian Presidency reached an agreement at the Council on the General Data Protection Regulation, which will raise the level of personal data protection and increase business opportunities in the Digital Single Market. New data protection rules will ensure greater control for persons over their data, for instance, individuals will have easier access to their data, will be better informed about the processing of their data and have the right to erasure of their data online

⁵ Commission Staff Working Document: A Digital Single Market Strategy for Europe - Analysis and Evidence accompanying the document Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions A Digital Single Market Strategy for Europe {COM(2015) 192 final}, p. 5.

(the so-called “right to be forgotten”). **The introduction of the new provisions will promote fair competition and the use of the Digital Single Market opportunities by companies, especially small and medium-sized enterprises.** The EU’s unified data protection regulation will be applicable both to European and third country online service providers, thereby ensuring an unimpeded cross-border data exchange. Increased cooperation of the Member State supervisory authorities will ensure a coherent application of these rules in all EU Member States. In important transnational cases, the newly-established one-stop-shop mechanism will ensure cooperation and joint decision-making among various data protection authorities, allowing for a single supervisory decision to be taken and thus enabling the most effective protection of the data subject.

A major step has been taken during the Latvian Presidency towards the strengthening of cybersecurity. The agreement reached with the European Parliament on the main elements of the Network and Information Security Directive will pave the way for finishing the work on the proposal during the Luxembourg Presidency. The Directive will provide the framework for unified action of operators that provide essential services and public authorities of the Member States in case of cyber-attacks to critical infrastructure, such as energy, transport, banking, drinking water, financial market infrastructures.

The Latvian Presidency has reached an agreement with the European Parliament on a considerable reduction of roaming fees that will become effective already as of 30 April 2016, with a complete abolition of the roaming surcharges as of 15 June 2017, and the first EU-wide open internet rules.

The Latvian Presidency has contributed to the establishment of the EU Digital Single Market. During the Presidency, the most essential prerequisites for releasing and utilising the potential of digital economy were identified, as were priority measures to remove obstacles for creating a fully-functioning Digital Single Market. Issues of importance for tapping into the potential of a digital economy must be addressed at the EU and Member State level, such as high-speed broadband networks, improving digital skills, building consumer confidence and enhancing cyber-security; support to digital research, cloud computing and use of data; support to digital start-ups and digitalisation of businesses. Priorities identified at the Council configurations chaired by the Presidency were reflected in the Digital Single Market Strategy for Europe published by the European Commission. For its part, to contribute to the preparation of the June European Council, the Latvian Presidency submitted to the President of the European Council the issues identified at the meetings of the Council configurations to be addressed in near or more distant future: support for small and medium-sized enterprises and digital start-ups; increasing public and private investment into infrastructure; improving digital skills; addressing unjustified geo-blocking; modernising the copyright framework and reviewing the audiovisual regulation.

The Digital Assembly 2015 – *One Europe, One Digital Single Market* – on 17-18 June in Riga sent a clear message on the significance of the Digital Single Market. Special focus was placed, amongst other things, on the development of digital skills and setting up a secure and trustworthy digital environment; possible solutions were identified for breaking down barriers to Europe’s digital economy, and opportunities

and challenges that contribute to the digital economy for the creative sectors were identified as well.

During the Latvian Presidency, the foundation was laid for streamlining digital aspects and solutions into all policy areas and initiatives. The application of the ‘digital by default’ principle will ensure that legislation is in keeping with the ‘digital age’: every piece of legislation will be developed in a manner to also enable its efficient functioning in the digital environment. This will reduce the administrative burden for individuals and companies alike.

The Latvian Presidency promoted initiatives to unlock the potential of information and communication technologies for modernisation of public administration by reaching an agreement on the continuation of the “Interoperability solutions for European public administrations, businesses and citizens” programme until 2020. It will assist Member States to modernise their public administration and render digital services interoperable both at national and European level.

Engaged Europe

Working jointly with the High Representative of the Union for Foreign Affairs and Security Policy, the Latvian Presidency promoted security, economic and social stability in countries neighbouring the EU and in the world as a whole. The Presidency focused in particular on the relations with the Eastern Partnership and Central Asian countries, and on the EU cooperation with its strategic partners in trade and security. Significant work was carried out in strengthening the EU Common Security and Defence Policy, both in evaluating emerging security threats and in providing guidelines for further work.

During the Latvian Presidency decisions that will enhance the internal security of the European Union were taken. Achieving these decisions was based on three priorities of countering terrorism – safeguarding public security, preventing radicalisation and protecting values, and cooperating with the international partners. The Riga Joint Statement on countering the threat of terrorism adopted by the Ministers of Justice and Home Affairs of the EU Member States contributed considerably to the identification and implementation of relevant counter-terrorism measures. Based on the European Council Conclusions of 12 February and the Riga Joint Statement, Latvia, during its Presidency, focused particular attention on full employment of the possibilities provided by the Schengen system for strengthening and modernising external border control; countering internet content that promotes terrorism and violent extremism; engendering a more intensive exchange of information between competent authorities and agencies, and intensifying fight against illegal trade in firearms. During the Presidency, the EU Internal Security Strategy 2015-2020 was renewed, thereby bringing fight against terrorism forward and the combat of serious crimes, organised crime and cybercrime as priorities for further work. The renewed EU Internal Security Strategy will enable a comprehensive and co-ordinated reaction to new threats, including hybrid threats.

The Latvian Presidency raised awareness in the European Union of the new security challenges, including hybrid threats, and possible EU responses,

including through the use of strategic communication. During the Latvian Presidency, revision of the European Security Strategy was started by giving a mandate to the High Representative of the Union for Foreign Affairs and Security Policy to elaborate the first EU global foreign policy and security policy strategy by June 2016. Also, during the Presidency, an EU action plan on strategic communication was elaborated in order to counter desinformation and propaganda campaigns and a mandate was given to the High Representative to develop a wider common EU framework for withstanding hybrid threats. These measures will facilitate greater resilience of the EU and its partners to hybrid threats posed both by countries and non-state actors and groups.

The Latvian Presidency ensured immediate involvement of the Council in finding solutions to reduce the pressure caused by migration flows in the Mediterranean. The Latvian Presidency contributed to the preparation of an extraordinary European Council meeting which sought immediate and long-term solutions to the migration crisis. During the Latvian Presidency, a decision was also taken on the strengthening of the FRONTEX⁶ agency and agreement was reached on launching a naval **operation** targeting human **smuggling networks** in the **Mediterranean.**

The Latvian Presidency strengthened consular cooperation among the EU Member States. As a result of efforts by the Latvian Presidency, the Member States agreed on a mechanism for providing assistance to their citizens in emergency situations in countries with no embassy of their respective Member State. The agreement provides for support from EU Member State embassies to the nationals of other Member States in emergency situations, for instance, in the case of evacuation following natural disasters.

The Eastern Partnership Summit in Riga strengthened the cooperation with the Eastern Partnership countries – Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. Cooperation was reinforced in areas such as justice and home affairs, security and defence policy, agriculture, digital economy, health, trade and transport, business, media, civic society as well as youth education and employment. The European Union pledged support for partner countries in the implementation of association agreements and their free trade components. The Riga Summit sent a strong message to the nations of Georgia and Ukraine that visa liberalisation is a question for the near future.

During the Latvian Presidency an agreement was achieved on financial support to Ukraine and a common EU position was adopted in seeking a solution to the conflict in the eastern Ukraine. The EU agreed on a new 1.8 billion euro financial assistance to Ukraine which, in addition to the earlier aid programme of 1.6 billion euros granted in 2014 and the beginning of 2015, amounts to the largest allotment of financial aid ever allocated by the EU to a third country. At the March European Council, the Heads of State and Government emphasised the direct link between full implementation of the Minsk agreements with the extension of restrictive measures (sanctions) against Russia. Based on the European Council decision, on June 22

⁶ European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union

Foreign Ministers of the Member States extended the measures restricting economic co-operation until 31 January 2016.

The Latvian Presidency facilitated the EU's cooperation with the Central Asian countries – Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. During the Presidency, the EU and Central Asia Strategy was revised which confirmed the importance of the co-operation between the EU and the Central Asian countries, enhancing EU and Central Asian cooperation in sectors such as justice, economy, agriculture, environmental protection, education, the development of green technologies, energy efficiency and security.

The Latvian Presidency ensured consistent implementation of the EU enlargement policy and reaffirmed the EU's support for the EU integration efforts of the Western Balkans countries – Bosnia and Herzegovina, Serbia, Kosovo, Montenegro, Macedonia⁷, Albania, and Turkey. The Latvian Foreign Minister chaired the Stabilisation and Association Councils with these countries on behalf of the High Representative of the Union for Foreign Affairs and Security Policy. The Latvian Presidency succeeded in reaching an agreement on the opening of four new chapters in the EU-Montenegro accession negotiations. The Presidency also promoted the development of the inter-parliamentary dimension between the EU and accession countries by representing the Council at the EU-Turkey, EU-Serbia, EU-Montenegro and EU-Iceland Parliamentary Committees.

The Latvian Presidency ensured the EU Council's contribution to the foreign trade development in order to facilitate access to foreign markets and offer new opportunities to European businesses. The Latvian Presidency devoted increased attention to negotiations on a comprehensive and mutually advantageous Transatlantic Trade and Investment Partnership agreement between the EU and the United States. Two rounds of talks were held during the Latvian Presidency dealing with significant aspects of the agreement, including the framework for regulatory cooperation, support for small and medium-sized enterprises, and energy issues. Due to public interest in the EU-U.S. negotiations, greater transparency was achieved: the EU negotiations mandate and negotiations documents are now available to the public.

The Latvian Presidency ensured the engagement of the EU as the biggest development aid donor in the United Nations intergovernmental negotiations on new post-2015 Sustainable Development Goals and their financing and implementation, with a special focus on gender equality. The Latvian Presidency was able to facilitate the achievement of a common EU position that will provide the basis for the EU's participation at the UN Third International Conference on Financing for Development in Addis Ababa (Ethiopia).

⁷ Former Yugoslav Republic of Macedonia.