



LX. COSAC

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Session I: State of play of the Austrian Presidency of the Council of the EU

Background Paper

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On 1 July 2018, Austria took over the six-month Presidency of the Council of the European Union for the third time after 1998 and 2006. The Austrian Presidency's stated objective and ambition is to help seek answers to the major challenges currently facing the EU. For that reason, the motto of the Austrian Presidency is: "**A Europe that Protects**". Austria's efforts are aimed at strengthening the European Union, bringing it closer to its citizens and restoring their confidence both in the EU's ability to act and in the EU as a reliable and stabilising force.

The Austrian Presidency has foregrounded the EU's function to provide effective protection in three priority areas in particular: **Security and combating illegal migration, securing prosperity and competitiveness through digitisation and stability in the EU neighbourhood**. With an eye toward the European elections in May 2019, the Austrian Presidency is committed to working constructively to advance as far as possible and even finalise legislative projects at EU level.

Two major challenges

The Austrian Presidency is taking place against the backdrop of two major challenges: Brexit and the negotiations on the Multiannual Financial Framework.

The complex Brexit negotiations are about negotiating an agreement on the withdrawal modalities and the transition phase, as well as the political declaration to accompany the agreement on a framework for the future UK-EU relationship by autumn 2018. This is necessary to allow for an orderly withdrawal of the United Kingdom by 30 March 2019. Austria's main focus will be on maintaining unity among the remaining EU 27 and creating the conditions for a positive future relationship with the United Kingdom after it exits the EU.

The Multiannual Financial Framework for the period after 2020 must respond to a number of new challenges and take into account the absence of the United Kingdom's contributions. The extensive and detailed negotiations will be conducted by Austria. It will be essential that the funding proposal shows efficiency gains and a clear European value-added so that the EU as a whole can benefit.

Three Priority Areas

Security and combating illegal migration

Migration is and remains one of the main priorities of the Austrian Presidency. The effects of the largest migration crisis since the Second World War in Europe and people's concerns about further uncontrolled migratory movements have underscored the importance of taking joint action to counter illegal migration and ensuring the EU's capacity to act. Reforming the Common European Asylum System and the orientation and strengthening of the European Agency for Frontier and Coast Guard FRONTEX are the main focus in order to ensure effective and crisis-proof external border protection.

In addition, closer cooperation with third countries will be sought to help people who qualify for protection before they enter the EU and to prevent people who do not qualify for protection from embarking on the dangerous journey to Europe, as well as to ensure effective repatriation capacities.

These priorities were taken up and defined in greater detail at the informal Meeting of Heads of State and Government in Salzburg on 19 and 20 September, when the Heads of State and Government discussed the latest developments in the area of migration. The number of irregular entries has declined and is now at an even lower level than in the years before the crisis. The Heads of State and Government also agreed to strengthen cooperation with third countries, in particular Egypt. A summit with the League of Arab States is planned for February 2019. In addition, broad consensus was reached on increasing Frontex's staff and expanding its mandate.

Organised crime is becoming increasingly networked in a globalised world that is growing ever closer together; therefore, during its Presidency Austria intends to work toward efficient cooperation, the exchange of information between the security authorities of the Member States and the interoperability of large-scale databases in this area. In addition, cooperation at European level is necessary to combat terrorist threats and radicalisation of all kinds.

The aim is to conclude the trilogue negotiations on the following dossiers during the Austrian Presidency: Interoperability between EU information systems (borders, visas, migration, judicial cooperation), legislation on cyber security, European Criminal Records Information System (ECRIS), EU Civil Protection Mechanism (RescEU) and verification of foreign direct investment. The ETIAS (European Travel Information and Authorisation System) legislation was signed on 12 September.

Securing prosperity and competitiveness through digitisation

The EU remains the world's leading trading power and largest single market. However, Europe's share of global GDP and its economic weight are waning. If the EU intends to secure its prosperity and competitiveness for the long term, it must invariably eschew over-regulation and achieve progress in the areas of innovation and digitisation. Added to this is concern on the part of many citizens, about the impact of digitisation on the economy and the circumstances of their lives.

The digital economy already accounts for a significant share of growth in Europe. An intelligent digital transformation policy can help maintain the competitiveness and sustainability of the European economy in the future. The completion of the Digital Single Market, the comprehensive modernisation of public administration and a renewed industrial policy are aimed at improving the framework conditions for digital business models and services.

A modern and balanced regulatory framework is needed for the digital economy to unlock its full potential and benefit the public at large. Public budgets must be protected from harmful tax competition and tax avoidance, and fair competition conditions must be created for all companies.

The EU's ongoing work on digital economy taxation will be pursued under the Austrian Presidency to ensure that profits are taxed where they are generated.

Substantial discussions on the EU digital tax took place at the informal meeting of finance ministers in Vienna in September. Digitisation, robotics and artificial intelligence were key issues at informal ministerial meetings and numerous conferences.

On 2 October, the Central Digital Access Gate legislation was signed, which represents a major step forward in the area of the Digital Single Market by improving access to information for citizens and businesses and simplifying administrative procedures.

Stability in the neighbourhood – integrating Southeast Europe into the EU

A European Union that offers its citizens stability, security and peace is only possible if stability and security prevail in the EU's immediate neighbourhood. With this in mind, Austria will focus on promoting good relations between the EU and its neighbours during its Presidency.

The chief focus is on the countries of Southeast Europe. From the standpoint of economic and security policy, the region is part of Europe and proved itself to be a reliable partner during the migration crisis. It is in Europe's security and economic interest for the future of Southeast Europe to be firmly established within the European Union. Building on the work of the Bulgarian Presidency and the European Commission Enlargement Strategy dated 6 February 2018, during its Council Presidency Austria is committed to shaping the EU perspective of all of the countries in Southeast Europe and to measurably moving forward based on clear criteria and individual progress in the countries in question.

During the Austrian Presidency there have been intensive communications with the region and a significant number of official visits carried out by the Federal Government. In addition, several political meetings, conferences and meetings have taken place in Austria with the participation of the Western Balkan states: the informal meeting of EU foreign ministers on 30 and 31 August, a conference on security and migration at which an agreement on police cooperation and automatic data exchange between five EU Member States and the Western Balkan states was signed, and a meeting of the defence ministers of the Western Balkan countries and Austria on 26 September in Graz, where, among other issues, an agreement on Austrian support in developing border protection capacities was reached.

It is also incumbent on national parliaments and the EU Parliament to contribute to integrating the states of the Western Balkans more closely with the European Union.

As part of the Austrian Presidency's Parliamentary Dimension, a panel discussion with representatives of the national parliaments, the European Parliament and the EU Commission took place in the Austrian Parliament at the beginning of October. There was agreement on the ongoing need for action on the ground, but also on the obligation of the parliaments of the EU Member States to support the candidate countries in their accession endeavours.

The integration of the Western Balkans was also a key issue on the agenda of the Interparliamentary Conference on the Common Foreign and Security Policy (CFSP) and the Common Security and Defence Policy (CSDP) held in Vienna in mid-October, in which countries of the Western Balkans also took part.

All of the participants also underlined the central importance of integrating the candidate countries of Southeast Europe into the EU for the sake of stability in the region and in Europe.

Issues for discussion:

- What approach could the European Union take to migration in order to achieve the broadest possible consensus among all Member States and to facilitate long-term joint action?
- How can incentives for innovation and investment in digitisation be created while at the same time ensuring data security and data protection?
- What further measures can national parliaments take to support the implementation of reforms in the countries of the Western Balkans and strengthen a sustainable pro-European orientation?