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## The Polish Presidency of the European Union Council: challenges and outcomes

A consequence of Poland assuming the Presidency of the European Union Council on July 1, 2011, was the necessity to identify the most crucial areas of the EU's potential activities during the Presidency, develop a detailed agenda of various Council forums to be presided by Poland, and establish the Presidency priorities. It was not yet known at that stage how the provisions of the Lisbon Treaty would impact on the course of the Presidency. The establishment of the office of the President of the European Council and increased power of the High Representative of the Union for Foreign Affairs and Security actually minimized the importance of the presidency exercised by a member state. From Poland's point of view, another drawback was the disadvantageous composition of the 18-month Presidency, shared by Poland with Denmark and Cyprus. Denmark is not considered to set the tone and stimulate integration processes. Cyprus, alongside Poland, did not have any experience in carrying out such an extensive operation as the presidency, and it additionally did not hide the fact that Cypriot interests were exclusively focused on the Mediterranean and the conflict with Turkey<sup>1</sup>.

Under these circumstances, the priorities of the Polish Presidency had to follow from an analysis of numerous factors. The criteria taken into account in choosing the priorities resulted, among other things, from the following:

- activities already commenced in the EU in various fields and the resulting priorities for the period of the Presidency (e.g. intended reforms and reviews of various policies, long-term initiatives with respect to EU legislation and other matters);
- both internal and external challenges and needs facing the EU (such as the development of a common energy policy, the future of EU relations with third countries and international organizations, and enlargement policy);
- assessment of the current political situation of the Union, internationally and internally (the role of events in North Africa and their impact on the presidency, the euro-zone crisis, the common interests and goals of the 'troika', and the Polish parliamentary elections)<sup>2</sup>.

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<sup>1</sup> J. J. Węc, *Nowe zasady sprawowania prezydencji w Radzie Unii Europejskiej. Bilans prezydencji belgijskiej*, "Przegląd Zachodni" 2011, No. 3, p. 3–20.

<sup>2</sup> Z. Czachór, *Prezydencja w Unii Europejskiej i jej priorytety. Analiza politologiczna*, in: Z. Czachór, T. Szymczyński (eds.), *Priorytety prezydencji Polski w Radzie Unii Europejskiej*, Warszawa 2011, p. 19–46; A. Jaskulski, *Formułowanie i realizacja priorytetów prezydencji. Mechanizmy, instrumenty, aktorzy*, in: Z. Czachór, T. Szymczyński, *ibidem*, p. 83–108.

From the beginning, Poland realized that the range of its autonomy in establishing the priorities for the EU Council Presidency was relatively limited, and Warsaw needed to choose one or two strategic priorities to focus on. This was, however, impossible, as indicated above. Another significant criterion in verifying the selection of priorities also had to involve their having a high potential of success in the course of implementation. Therefore, a probing campaign had to be carried out in order to determine what proposals would be supported by other member states. Another issue concerned the skillful promotion of matters that Poland found interesting, that happened to be justified by the Treaty. Since the Lisbon Treaty empowered the European Union with some competences in the field of energy, Poland gained an opportunity and an excuse for tackling such matters as improving the EU's external energy security or developing a common energy policy, which would have been difficult within the legal provisions prior to the Lisbon Treaty.

From the beginning, Poland assumed that the main objective of the Polish Presidency would be leading the European Union along a path of fast economic growth and enhancing the Community's political power. In order to achieve these targets, the Polish Presidency concentrated on three fundamental priorities: "European integration as a source of growth", "Secure Europe", and "Europe benefiting from openness"<sup>3</sup>.

### 1. European integration as a source of growth

The Polish Presidency intended to work to foster economic growth through the development of the internal market (the electronic market, or E-commerce, included) and use EU budget funds to develop a competitive Europe. It was believed that Europe had learned its lesson from the crisis: new mechanisms of economic governance and new tools to prevent recurrent waves of crisis had emerged, the European Stabilization Mechanism (ESM) and European Financial Stabilization Mechanism (EFSM) among them. At an informal meeting of Finance Ministers, held on September 16, 2011 in Wrocław, the adoption of the so-called legislative "six-pack" was approved, becoming an undoubted success of the Polish Presidency and of the meeting itself. The ministers agreed to introduce mechanisms allowing for more effectively disciplining EU countries that spoiled their budgets, exceeding thresholds of 3% of deficit and 60% of sovereign debt. Of particular importance was assigning greater weight to the debt criterion, which was formerly much less significant than the deficit criterion, and the amendment to the *Stability and Growth Pact*, providing increased opportunities to exercise sanctions towards eurozone states in case of their failing to observe the rules and principles of budget policy. The process of imposing sanctions was to be easier and more effective while the supervisory role of the European Commission would be strengthened. The Commission would annually monitor signals of increasing imbalance in member states,

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<sup>3</sup> *Program polskiej prezydencji w radzie Unii Europejskiej. 1 lipca 2011–31 grudnia 2011*, [http://pl2011.eu/sites/default/files/users/shared/o\\_prezydencja/program\\_polskiej\\_prezydencji\\_w\\_radzie\\_ue.pdf](http://pl2011.eu/sites/default/files/users/shared/o_prezydencja/program_polskiej_prezydencji_w_radzie_ue.pdf); P. Idczak, I. Musiałkowska, *Priorytety polskiego przewodnictwa w Radzie Unii Europejskiej*, "Przegląd Zachodni" 2011, No. 3, p. 67–90.

and countries failing to observe the principles would automatically have the above sanctions imposed<sup>4</sup>.

From the beginning of the Polish Presidency, the Government assumed that the European Union would have to enter a subsequent stage and introduce a new model of economic growth, one allowing the Union to secure an appropriate level of economic development for the coming decades and to guarantee the well-being of EU citizens. If Europe was to become competitive globally, it could not continue focusing exclusively on public finance and on measures to limit budget deficits. It was deemed necessary to undertake additional activities and provide encouragement for adopting bold projects and discussing a new model of EU system. The priorities clearly emphasized that if “Europe is to become competitive globally, it should not focus exclusively on repaying its loans, and be determined in promoting growth as well”<sup>5</sup>.

The speech delivered on November 28, 2011 by Polish Minister of Foreign Affairs, Radosław Sikorski, at the German Society for Foreign Affairs in Berlin, was intended to open a broad debate on the future of the European Union. In an emotional way, he called for a new European solidarity and courage to take difficult decisions that might bring full European integration (federation). He particularly demanded of Germany that, “for your own sake and for ours”, it helped the eurozone to “survive and prosper” since “nobody else can do it”. Encouraging Germany to act, the Minister said that he feared “German power less than German inactivity. [...] You may not fail to lead. You cannot dominate, but you are to lead in reform” he remarked<sup>6</sup>.

The view of the Polish Government was that the array of tools serving the purpose of securing sustainable economic growth on a European scale should include a new, multiannual EU budget (2014–2020). It was in the period of the Polish Presidency that formal discussions on the Multiannual Financial Framework commenced. The Polish Presidency believed that the new EU budget should be an investment tool used for the purpose of implementing the *Europe 2020* strategy. The Polish Presidency wished the new budget to serve as confirmation of enhanced cooperation within the EU, as the most appropriate response to the economic crisis and that the Cohesion Policy should remain the Union’s key policy. This policy benefitted and was to continue benefitting all EU member states.

The Polish government indicated that the European Union needed a reformed cohesion policy to implement the *Europe 2020* strategy. The Polish Presidency was to promote it as a tool to enhance development potential and competitiveness of all European regions. The cohesion policy should apply to numerous sectors, cover various territories

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<sup>4</sup> On September 28, 2011 the European Parliament adopted the draft of the “six-pack” including two new directives, two drafts of new regulations and two amendments. Cf. *Parlament Europejski przyjął tzw. sześciopak*, “Gazeta Wyborcza” of September 28, 2011.

<sup>5</sup> *Program polskiej prezydencji*, op. cit., p. 6.

<sup>6</sup> *Polska a przyszłość Unii Europejskiej*. Radosław Sikorski, Minister Spraw Zagranicznych RP Berlin, 28 listopada 2011 r., [http://www.msz.gov.pl/files/docs/komunikaty/20111128BERLIN/radoslaw\\_sikorski\\_polska\\_a\\_przyszlosc\\_ue.pdf](http://www.msz.gov.pl/files/docs/komunikaty/20111128BERLIN/radoslaw_sikorski_polska_a_przyszlosc_ue.pdf); Europakrise: *Ich fürchte die deutsche Untätigkeit*, “Die Zeit” of November 30, 2011; T. Bielecki, *Europa mówi Sikorskim*, “Gazeta Wyborcza” of November 30, 2011; *Vorschläge des polnischen Außenministers. Merkel sieht Schwung für EU-Vertragsreform*, “Frankfurter Allgemeine Zeitung” of November 29, 2011.

and be implemented by means of multilevel governance. The motto of the Presidency was: "Cohesion policy as an efficient, effective and territorially differentiated response to EU development challenges". It served as a foundation to implement three strategic goals within the cohesion policy: 1) to ensure smooth negotiations of a package of regulations concerning the cohesion policy from 2013 onwards and to achieve the greatest possible consensus in the selected areas; 2) to enhance the attributes (integrated attitude to development and orientation to results) of cohesion policy as a territorial development policy operating within the framework of a new EU system of economic governance, and the "Europe 2030" strategy; 3) to increase the political status of cohesion policy<sup>7</sup>.

The negotiations on the EU budget for 2014–2020 were to constitute a key factor of the Polish Presidency's success. The period of the Polish Presidency was a time when the proposals submitted by the European Commission were thoroughly analyzed and the main negotiation issues were identified. The negotiations started in mid-2011 to continue until late 2012. Poland did not have much room to maneuver during the negotiations on the EU 2014–20 budget, which started in Sopot in late July 2012. Its activity, however, succeeded in maintaining the negotiation methodology that was more favorable for poorer countries. The foundations for the talks were provided by the balanced proposal of the European Commission from June 2011, and not by a counterproposal submitted by the net payers to the EU budget that assumed severe cuts. Already in December 2010, the five largest payers to the Union budget, namely Germany, France, Great Britain, the Netherlands, and Finland, demanded that the new budget not be bigger than the current one (increased only in line with inflation), i.e. at a maximum level of approx. 1.05% of GDP of all EU states. A majority of European Commission members opted for the budget to approximate this proposal, or slightly exceed it to a level of 1.09% of GDP of EU states<sup>8</sup>.

The turning point of the first stage of financial negotiations was a budget conference initiated by Poland to take place in Brussels in October (20–21) with the representatives of national parliaments. The host of the meeting, Polish Prime Minister Donald Tusk, called for the obligations adopted in the Lisbon Treaty to be treated seriously and for the implementation of common policies, especially the Cohesion Policy, Common Agricultural Policy and European Neighborhood Policy. In his opinion, it was the more important as "an increasing number of investments, including structural investments, have a pan-European dimension and they are subjected to pan-European rather than selfish, national logic"<sup>9</sup>.

Poland was hoping that involving the largest possible number of players in a difficult and isolated debate on EU funds would make it more transparent, thus making its final outcome, the EU budget, more generous for poorer countries. The European Com-

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<sup>7</sup> *Program polskiej prezydencji*, op. cit., p. 6.

<sup>8</sup> S. Jędrzejewska, *Polska prezydencja a budżet Unii Europejskiej*, "Przegląd Zachodni" 2012, No. 2, p. 54–55; J. Pawlicki, T. Bielecki, *Unia daje, nie zabiera. Na dniach poznamy budżet*, "Gazeta Wyborcza" of June 29, 2011.

<sup>9</sup> *Przemówienie premiera Donalda Tuska podczas Konferencji Budżetowej w Brukseli*, <http://www.premiergov.pl/files/download/5478.pdf>; *Tusk: Kształt budżetu zdecyduje o kształcie wspólnoty*, "Gazeta Wyborcza" of October 20, 2011; *Walka w Brukseli o budżet. Tusk gospodarzem*, ibidem; *Bruksela: konferencja w sprawie nowego budżetu UE*, "Gazeta Prawna" of October 20, 2011.

mission's proposal amounted to €972.2 bn (compared to the current €925 bn). Brussels wanted to allocate €336 bn to cohesion policy, with a further €40 bn for the Connecting Europe infrastructural fund. The largest portion of this budget, namely €80 bn, could benefit Poland.

At this stage of negotiations Poland succeeded in defending solutions beneficial to it. Alongside the preliminary agreement for the above-mentioned €80 bn, it managed to prevent a tax on CO<sub>2</sub> emissions, which would considerably damage Poland's financial standing. The portion of budget funds allocated to the Cohesion Fund and agriculture was to be frozen, but its resources were to be internally redistributed for the benefit of the poorest states<sup>10</sup>.

As far as the support for the development of a trans-European network is concerned, one can talk about a moderate success. In the near future, the TEN-T fund will obtain significantly larger resources to develop infrastructure, however the allocations dedicated to individual countries are to be abandoned. Brussels' latest plans are to earmark €31.7 bn for transportation investment throughout all 27 countries. The resources are to be allocated by contest. There will be €10 bn to be divided among the 15 countries taking advantage of the Cohesion Fund, and the remaining amount is to be divided among all 27 member states. It was encouraging that the extension of the network of primary transportation routes was successfully adopted. The new network to emerge by 2030 was increased to include an airport in Łódź, among other things. Two out of the ten main transportation routes are to run across Poland, one being Rail Baltica, connecting Gdynia and Warsaw and another one the East-West route from Warsaw to Berlin, Amsterdam and the Midlands<sup>11</sup>.

On December 1, 2011 the European Parliament adopted the 2012 budget. It was limited, as demanded by the larger states. The EU deputies managed, however, to push for expenditure on growth, innovation, employment, border control, migration management and support for democratic transformation in the Arab countries not to be curbed. The entire 2012 budget was to amount to €129.1 bn (accounting for growth of 1.86%) in payments and €147.2 bn in liabilities (an increase of 3.8%)<sup>12</sup>.

The beginning of December marked the conclusion of talks on the EU budget for 2014–20. The report presented by the Polish Presidency indicated a huge number of contentious issues in the negotiations, even though the countries had not even formally begun to discuss the actual numbers. Minister Mikołaj Dowgielewicz, who chaired the meeting of Ministers of EU Affairs in Brussels, did not hide that the report presented by the Polish Presidency raised considerable discontent among the states pressing for cuts in the EU budget. The amount of funds earmarked for individual policies was to be determined at the end of negotiations, meaning in late 2012 at the earliest<sup>13</sup>.

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<sup>10</sup> J. Lewandowski, *Byłem na krawędzi*, October 21, 2011, <http://www.euractiv.pl/prezyden-cja/wywiad/janusz-lewandowski-byem-na-krawdzi-003040>.

<sup>11</sup> A. Stefańska, *Gorzkie zwycięstwo w sprawie unijnego budżetu*, "Rzeczpospolita" of October 20, 2011.

<sup>12</sup> *Parlament Europejski przyjął budżet UE na 2012*, "Gazeta Wyborcza" of December 1, 2011.

<sup>13</sup> *Raport w sprawie budżetu UE jest zrównoważony. Bo wszyscy są niezadowoleni*, <http://www.money.pl/gospodarka/unia-europejska/wiadomosci/artukul/raport;w;sprawie;budzetu;ue;jest;zrownowazony;bo;wszyscy;sa;niezadowoleni,179,0,982707.html>.

The program of the Polish Presidency with regard to cohesion policy was based on two main themes (items 1 and 2 below) that will organize future work on its shape in the longer-term perspective.

- *Integrated approach to development*

This theme was to cover the discussions on strategic programming, the instruments for promoting territorial development (e.g. special solutions for cities, the operation of the European Territorial Cooperation and the European Grouping of Territorial Cooperation, including the European Neighborhood and Partnership Instrument in the cohesion policy, the territorial dimension of the ESF), Territorial Agenda, the challenges faced by the multilevel governance system in the cohesion policy, and conditionality based on the mechanism of so-called preliminary conditions.

- *Result-oriented cohesion policy*

The key issues here included result-based conditionality (a system of awards and penalties related to the accomplishment of previously determined goals), thematic concentration of European funds (retaining flexibility), reinforcement of evaluation tools (evaluation as the foundation in making strategic decisions), and the development of a uniform system of indicators.

Depending on the advancement of informal discussions in the EU at the time of Poland's assuming the Presidency, the list of priorities could be supplemented by the architecture of cohesion policy goals, the system of implementation and financial governance, and general principles. This was to be achieved by means of intensive contacts with the representatives of the European Commission and member states. Presiding over the work of the EU Council provided an opportunity to exert a more efficient influence on the actors who would decide the shape of cohesion policy in the future EU financial perspective. Cooperation with Poland's partners in the Presidency trio – Denmark and Cyprus, who were to subsequently take the Presidency over, was of paramount importance here. Poland planned to achieve her goals operating in two ways:

- formally, negotiating the regulations on cohesion policy, and
- informally, running an international debate on cohesion policy on the level of experts and politicians.

The achievement of goals was to be additionally supported by the organization of several dozen meetings in collaboration with Polish and foreign partners. An enormous responsibility rested on Poland, as the largest beneficiary of EU funds. One out of every five euros in the EU budget earmarked for cohesion policy would go to Poland. An efficient use of the funds obtained would have a significant impact on the shape of cohesion policy in the 2014–2020 financial perspective.

Great importance was also assigned to reform of the Common Agricultural Policy (in particular to direct payments) which was to ensure modernization of agriculture, development of rural areas, and maintaining the pro-market approach of the CAP. The Polish Presidency also intended to work to develop a quality policy for agricultural products and to increase their competitiveness on global markets. At the request of the Polish Minister of Agriculture, Marek Sawicki, a public debate in the European Parlia-

ment was held on November 7 on the proposals to reform the CAP from 2013 onwards, were presented as a legislative package by the European Commission on October 12. The EU Commission proposed that the renewed Common Agricultural Policy be more environmentally friendly and less administratively burdensome for small farms. The Commission also desired to reduce the disparities between direct payments in different countries. Poland supported solutions that would allow the competitiveness of agriculture to increase, and ensure food security for Europe<sup>14</sup>.

The Polish Presidency also aimed to conclude the development of a common internal market, allowing for its full potential to be taken advantage of. Particular emphasis was put on the development of electronic services. This meant taking steps to remove the barriers preventing online transborder transactions and continued attempts to lower prices for roaming. It was estimated that 60% of online transactions in Europe fall through on account of legal barriers. Therefore, under the Polish Presidency, work was commenced to draw up the 28<sup>th</sup> legal system to facilitate entering into sales agreements in the internal market and simplify potential online transactions for five hundred million citizens. The new system was to operate alongside the twenty-seven existing ones.

In mid-December 2011, the Polish Presidency drew up a report on the progress of work on a regulation to this effect. EU ministers for telecommunications held a political debate on the same issue. The conclusions would come in useful in further work on this dossier so that the regulation on roaming could be adopted urgently. This is highly beneficial for EU consumers, and it will contribute to further lowering of prices for services and the extension of an innovative offer. The Presidency also submitted proposals for the conclusions of the Council as concerns the Commission's communications *The open Internet and net neutrality in Europe*<sup>15</sup>.

As regards the reform of the internal market, the Polish Presidency also addressed the issue of improving the situation of small and medium enterprises, in particular with respect to their access to capital. Small and medium enterprises (SME) are crucial for European economic growth generating approx. 60% of GDP and nearly 70% of work places.

Therefore, the Polish Presidency supported the European Commission's initiatives on facilitating SME access to capital markets and venture capital funds, and supporting them in third party markets. The Presidency also sought to conclude work on a patent system that would be cheap and easily accessible to European entrepreneurs. The lack of a European patent is too costly for EU economies so this matter needs to be rapidly concluded. Poland supported a package of amendments to EU market directives, drawn up by the EU Commission – the *Single Market Act*. The development of the internal market was supported by a Single Market Forum (SIMFO) event.

In November 2011, Polish Prime Minister Tusk issued a letter to the leaders and presidents of European institutions in which he called for a consensus on this matter. On

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<sup>14</sup> *Polska prezydencja rozpoczyna debatę o Wspólnej Polityce Rolnej UE*, [http://www.gazeta-prawna.pl/wiadomości/artykuly/562731.polska\\_prezydencja\\_rozpoczyna\\_debate\\_o\\_wspolnej\\_polityce\\_rolnej\\_ue.html](http://www.gazeta-prawna.pl/wiadomości/artykuly/562731.polska_prezydencja_rozpoczyna_debate_o_wspolnej_polityce_rolnej_ue.html).

<sup>15</sup> *Rada ds. Transportu, Telekomunikacji i Energii*, 14.12.2011, <http://pl2011.eu/content/rada-ds-transportu-telekomunikacji-i-energii-1>.

December 22, at a meeting held at the Warsaw Royal Castle the *Warsaw Convention* was adopted, which means that the representatives of EU states initialed an agreement to establish a Unified Patent Court. After a meeting of the EU Competition Board (COMPET), the Polish Minister of the Economy Waldemar Pawlak announced that a substantial agreement had been reached on the European patent, allowing for the costs of obtaining patent protection in the Union to go down by as much as 80%. The fees, language, transition period, revision clause and institutional structure were agreed. The only matter that the members of the Council failed to agree on concerned the location of the headquarters of the Unified Patent Court<sup>16</sup>.

## 2. Secure Europe – food, energy, defense

“Secure Europe” stands for reinforced security in a range of areas. Firstly, Europe had to enhance its macroeconomic security. Enhancement of the EU’s economic governance was the primary objective of the Polish Presidency in the areas of economy and finance. The Presidency was to foster activities and proposals intended to improve regulations and supervision of financial markets, and to develop the principles for crisis management (in terms of protecting financial markets from the negative impact of crises and maintaining their stability).

The Polish Government believed that another step on the path to strengthening a “Secure Europe” included developing the foundations for the European Union’s external energy policy. Poland took the view that it was essential to work out solutions to strengthen that policy. The Polish Government was confident that the EU’s position in relation to major producers, consumers, and transit states of energy resources could be made considerably more robust if action was taken to enable improvements in the Union’s operations in the international energy environment, ensuring savings as well as more favorable conditions for economic growth.

The Polish Presidency finalized the running negotiations on the regulation on energy market integrity and transparency (REMIT). The Presidency also closed work on those legal acts that were required by external deadlines, as was the case of the new *EU–US Energy Star* agreement. The Polish Presidency contributed to defining the EU’s external energy policy, running debates on how to develop this policy in the years to come, and mechanisms that will augment the EU’s voice in the global energy dialogue. On the basis of the debate the Presidency adopted the conclusions of the Transport, Telecommunications and Energy Council (TTE) that included a clearly defined set of actions and instruments (such as the mechanism of solidarity and coordination) ensuring upon implementation that the EU’s position is appropriately accounted for on an international level.

The Presidency continued work aimed at finalizing the establishment of the European regulatory framework concerning nuclear matters, in particular those related to the review of regulations establishing the fundamental security standards with respect

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<sup>16</sup> *Polska prezydencja wypracowała merytoryczne porozumienie w sprawie europatentu?*, [http://www.pi.gov.pl/PARP/chapter\\_86197.asp?soid=0AAD6C005CE84F15B6E7ACB9529EA328](http://www.pi.gov.pl/PARP/chapter_86197.asp?soid=0AAD6C005CE84F15B6E7ACB9529EA328).



to ionizing radiation. Acknowledging the need to develop nuclear energy was vital for increasing European energy security and curbing emissions of carbon dioxide<sup>17</sup>.

A "Secure Europe" referred to border security as well. In the course of its Presidency, Poland endeavored to conclude works to amend the regulation on Frontex (the European Agency for the Management of Operational Cooperation at the External Borders of European Union Member States), with the purpose of making Frontex more effective in supporting member states in crisis situations, such as those in North Africa and the Middle East.

In line with Poland's postulates, in mid-September the European Parliament in Strasbourg supported the increased competence of the EU agency for external borders, Frontex, earlier agreed with other governments. By the end of 2012, the agency is supposed to have appointed European border guard teams which will support EU states in monitoring their borders. Strengthening Frontex was one of the EU's reactions to the wave of immigrants arriving from North Africa that reached South European coast due to the Arab Spring, and the increasingly acute conflict in Libya. The increased powers are to ensure that the agency will be able to offer more help to member states that experience an extensive inflow of immigrants<sup>18</sup>.

Strengthening military and civilian EU capabilities constituted another important element of the Polish Presidency of the EU Council. The Presidency supported actions to consolidate direct EU-NATO dialogue.

### **3. Europe benefiting from openness**

In the course of the Presidency, Poland supported the EU's foreign and security policy to boost the Union's position internationally. Poland worked to proliferate European values and regulations, including further EU enlargement, and the development of cooperation with neighboring countries. Through the creation of free trade areas with states of the Eastern Partnership, the Presidency contributed to the process of expanding the region, embracing the Union's rules and regulations. A continuation of the EU's enlargement process served to extend the internal market to include millions of new consumers.

Given the events in Tunisia, Egypt, Libya, and other states of the Southern Neighborhood, the Polish Presidency endeavored to enhance partnership-based cooperation, focusing on support for democratic transformation, the creation of modern state mechanisms (founded in constitutional reforms), and making the countries' judiciaries and the mechanisms for combating corruption more robust. In the process of fostering the development of a civil society the EU supported the protection of fundamental rights, as well as the development of mechanisms to prevent persecution of minorities, Christians included. Simultaneously, assistance was provided to stimulate economic growth, de-

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<sup>17</sup> *Konkluzje polskiej prezydencji: Unia wobec globalnego dialogu energetycznego*, <http://nowa-energia.com.pl/2011/09/12/konkluzje-polskiej-prezydencji-unia-wobec-globalnego-dialogu-energetycznego/>.

<sup>18</sup> *Frontex ma nowe uprawnienia*, "Rzeczpospolita" of September 13, 2011.

velopment and the creation of new jobs, as well as to intensify trade relations, and facilitate the movement of people originating in specific social groups. The role of the Polish Presidency also ensured that Europe did not lose sight of her Eastern neighbors. As part of the Eastern Partnership, the Polish Presidency wanted the process of signing association agreements and creating free trade areas (including the finalization of and/or significant progress in negotiations with Ukraine and Moldova) to continue. The Polish Presidency was also to pursue the objective of negotiating to liberalize visa regimes.

Alongside the EU High Representative for Foreign Affairs and Security Policy, Poland consistently promoted the issues of Eastern policy. The Eastern Partnership Summit held in late September 2011 was assigned the highest priority, but it proved that the expectations concerning its significance were hugely exaggerated. The meeting was not attended by any high ranking politicians from Belarus. The declaration adopted by the European Union acknowledged the European ambitions of the Eastern Partnership countries. This may not be a promise of membership yet, but a declaration that stated that if these countries implement reforms and foster democracy they can count on something more in their relations with the EU. The declaration will facilitate access to visa-free movement, which has practical implications for citizens. The declaration clearly stipulates that visas shall be abandoned upon the countries of the Eastern Partnership fulfilling defined conditions: to tighten their borders, introduce biometric passports, and sign readmission agreements with the EU. The Summit declared its intention to establish a common economic area between the EU and the Eastern Partnership countries. Three countries, namely Ukraine, Georgia and Moldova, are already negotiating free trade zone agreements with the EU. Certain doubts concerned the potential signing of an association agreement between the EU and Ukraine, which might have become unfeasible during the Polish Presidency due to the detainment and sentencing of Yulia Tymoshenko to seven years in prison<sup>19</sup>.

Serious difficulties emerged in relations with the Euronest Parliamentary Assembly of the Eastern Partnership. On September 15, Euronest members were to issue a statement calling the leaders of states that were to attend the Eastern Partnership Summit in Warsaw on September 29, 2011 to pursue an ambitious Eastern policy including a softened visa regime, to gradually liberalize trade, to treat southern and eastern EU neighbors in the same way, and to provide appropriate financial aid for the EU Eastern Partnership policy. The draft also supported the proposals submitted by the European Commission to reform the European Neighborhood Policy, including conditioning the allocation of EU funds to neighboring countries on their progress in the implementation of reforms required by the EU. Problems caused by the disagreements between the Euronest members from the countries of the South Caucasus (Georgia, Armenia and Azerbaijan). At the Assembly's session in Strasbourg they could not come to an agreement on the approval of a text that referred to their geopolitical situation, including

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<sup>19</sup> T. Bielecki, *Co załatwiliśmy na szczycie Partnerstwa Wschodniego*, "Gazeta Wyborcza" of October 15, 2011; K. Kłysiński, *Mińsk zbojkotował Szczyt Partnerstwa Wschodniego*, OSW, "Tydzień na Wschodzie", <http://www.osw.waw.pl/pl/publikacje/tydzien-na-wschodzie/2011-10-05/minsk-zbojkotowal-szczyt-partnerstwa-wschodniego>.

numerous frozen conflicts over territorial divisions in this region. Another problem turned out to involve the adoption of a joint declaration on Belarus. Its draft called for the government in Minsk to release political prisoners in Belarus, condemned the use of force against opposition forces and proposed that EU aid for the regime be suspended. The text could not be adopted on account of disagreements between the deputies from five states of the Eastern Partnership (Armenia, Azerbaijan Georgia, Moldova and Ukraine)<sup>20</sup>.

Yulia Tymoshenko's arrest led to the failure of Polish attempts to tighten EU-Ukraine cooperation. On December 19, 2011, at the EU-Ukraine summit in Kiev negotiations on the association agreement were concluded, but in his statement, issued after the meeting with Ukraine's President Viktor Yanukovich, President of the European Commission José Manuel Barroso indicated that the European Union intended to "take steps in order to sign and ratify the agreement at its earliest, but this is going to depend on political conditions". He emphasized the events in Ukraine which "made [the relations between Ukraine and the EU] difficult"<sup>21</sup>. Certain EU countries, such as Germany or France, treated the case of Tymoshenko as a corroboration of the fact that Ukraine was not ready for closer collaboration with the EU. Berlin even attempted to call the summit off, whereas Polish diplomatic services, among other actors, claimed that sustaining the dialogue with Kiev was the best way to press for political reforms there<sup>22</sup>.

There were other, smaller issues where the Polish Presidency succeeded, at least symbolically. One concerned the accession treaty signed with Croatia and drawn up in collaboration with Poland. On December 8, 2011, Polish Prime Minister Donald Tusk, among others, signed the treaty on Croatian accession to the EU. Provided that the treaty ratification process was unimpeded in all EU states and Croatia itself, the country is set to join the EU on July 1, 2013 thus becoming the 28<sup>th</sup> member state<sup>23</sup>.

September witnessed the failure of a preliminary agreement on Romania and Bulgaria joining the Schengen zone. The Netherlands and Finland opposed their accession, claiming that both countries needed to make their struggle with corruption more effective and strengthen their judiciaries first. On behalf of the Polish Presidency, the Polish Minister of Internal Affairs and Administration Jerzy Miller suggested a compromise that would resemble Poland's two-stage entry to the Schengen zone, and abandoning border controls at the airports and marine borders of Bulgaria and Romania this year

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<sup>20</sup> B. Koszel, *Neue Herausforderungen der EU-Ostpartnerschaft*, "WeltTrends" 2011, No. 78, p. 41–48; *Europarlament – Szczyt Partnerstwa Wschodniego bez wspólnego stanowiska Euronestu*, Parlament Europejski, [http://europarlament.pap.pl/palio/html.run?Instance=cms\\_ep.pap.pl&PageID=1&menuId=17&nrDep=28721&Checksum=-640824702](http://europarlament.pap.pl/palio/html.run?Instance=cms_ep.pap.pl&PageID=1&menuId=17&nrDep=28721&Checksum=-640824702); M. Szczepanik, *Partnerstwo Wschodnie: porażka Euronestu*, "Gazeta Wyborcza" of September 17, 2011; *Szczyt Partnerstwa Wschodniego bez wspólnego stanowiska Euronestu*, "Gazeta Prawna" of September 15, 2011.

<sup>21</sup> *Szczyt UE-Ukraina. Prezydencja Polski w Radzie UE*, <http://pl2011.eu/content/szczyt-ue-ukraina>.

<sup>22</sup> T. Bielecki, *Szczyt UE-Ukraina: twarda odmowa z powodu Tymoszenko*, "Gazeta Wyborcza" of December 19, 2011.

<sup>23</sup> *Chorwacja podpisała traktat akcesyjny UE*, <http://wiadomosci.wp.pl/title,Chorwacja-podpisa-la-traktat-akcesyjny-UE,wid,14067901,wiadomosc.html?ticaid=1db73>. Cf. *Beitritt 2013: Kroatien erwartet das Ja der EU*, "Frankfurter Allgemeine Zeitung" of June 10, 2011; D. Pszczółkowska, *Chorwacja do Unii bez entuzjazmu*, "Gazeta Wyborcza" of September 19, 2011.

(2012), followed by a full opening of land borders only upon a further positive assessment from the EU<sup>24</sup>.

The Netherlands put hard conditions on the agreement, though. It would withdraw its veto on Bulgaria and Romania joining the Schengen zone provided that two successive reports of the European Commission on judiciary and internal affairs were positive. It was signaled, prematurely again, as it turned out later on, that both countries would be able to join the Schengen zone in spring 2012<sup>25</sup>.

In its *Priorities*, the Polish Presidency expressed a conviction that Serbia could obtain the status of an EU candidate country as early as in 2011. This would open the path for negotiation with the Union to Serbia. Poland had an ally in this matter – German Chancellor Angela Merkel, who tried to persuade the Serbs to “make peace” with Kosovo after her visit to Belgrade in August 2011<sup>26</sup>. On October 12, the European Commission recommended that the European Council grant Serbia the status of an EU candidate country. Poland supported this recommendation. This was the first success on Belgrade’s path to the EU, yet it still took a long time for the country to actually receive EU candidate status and commence accession negotiations.

Although European leaders never spelt it out, they did expect that in return for its rapidly obtained EU candidate status, Serbia would acknowledge the sovereignty of Kosovo. Belgrade rejected this proposal immediately, though. The Serbian government announced that Serbia would not approve of such a deal, since even EU membership would not compensate for the loss of Kosovo. Under such circumstances, at the meeting to crown the Polish Presidency of the Council, held on December 8–9 2011, the European Council merely observed that it “welcomes renewed Serbian involvement in the dialogue between Belgrade and Pristina” and its fulfillment of the agreement on integrated border management and regional cooperation. The Council was to decide on granting Serbia the status of an EU candidate country in February 2012 and approve it in March 2012<sup>27</sup>.

In the case of Belarus, the EU was aiming to encourage cooperation with the West, provided that Belarus respected the fundamental principles of democracy and human rights.

Poland wished for her Presidency to advance the implementation of the enlargement strategy as well. Therefore it was a significant objective for the Polish Presidency of the EU Council to finalize the accession negotiations with Croatia and sign the Accession Treaty. Albeit to no avail, Poland intended to explore all the opportunities for continuing accession negotiations with Turkey. Poland declared it would work to ensure that “meaningful progress is made in accession negotiations with Island. It will also strongly support the European aspirations of the Western Balkans”<sup>28</sup>.

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<sup>24</sup> *Prezydencja: Bułgaria i Rumunia częściowo w Schengen od 31 października*, “Gazeta Wyborcza” of September 20, 2011.

<sup>25</sup> *Rumunia i Bułgaria na wiosnę w Schengen? Holandia może wycofać weto, ale...*, “Polska. The Times” of December 23, 2011.

<sup>26</sup> *Politik: Merkel spricht mit Führung in Belgrad*, “Der Tagesspiegel” of August 17, 2011; *Serbiens Angst vor Angela Merkel*, “Die Zeit” of August 22, 2011.

<sup>27</sup> *Rada Europejska. Konkluzje*. Bruksela 9 grudnia 2011 r. [http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/PL/ec/126721.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/PL/ec/126721.pdf).

<sup>28</sup> *Program polskiej prezydencji*, op. cit.

The Government also hoped that a new framework for cooperation between the EU and Russia would be established. This involved supporting activities leading to the signing of a new agreement with Russia, and developing the EU-Russian Partnership for Modernization.

In the area of the common trade policy, the most important issue for the Polish Presidency was to continue the present round of multilateral trade negotiations within the framework of the World Trade Organization (the Doha Round). The discussion concerned such issues as further liberalization of trade (lifting customs barriers), subsidies for agriculture, patent law, anti-dumping regulations and protection of intellectual property<sup>29</sup>.

The gravest problem the Polish Presidency faced was the financial crisis of the eurozone. Even in the early stages of defining Polish priorities, Warsaw was confronted with the global economic crisis. In 2008, there emerged signs of an economic breakdown initiated by the bankruptcies of US banks and financial institutions on a scale unprecedented in the 21<sup>st</sup> century. These events occurred during the French Presidency of the EU, therefore the initiative in crisis management was automatically in the hands of President Nicolas Sarkozy. The first meeting of EU politicians revealed dramatic differences in German and French attitudes to how to resolve the crisis situation. Germany opted for state interventionism to be only a last resort in concrete, individual cases where savings, budgetary discipline and reduction of sovereign debt could be emphasized. The power of the republican tradition, that preferred a strong role of the state in the economy and its subordination to politics, made France promote joint and coordinated international actions which would, in France's opinion, significantly increase the efficiency of potential rescue operations<sup>30</sup>.

Poland remained cool towards French and German remedial measures, simultaneously trying to indicate that, owing to Poland's stable economy and consistent economic policy, it was not affected by the crisis. As in previous months, the Polish Government's concern continued to be to prevent irreversible divisions across Europe and a "two speed" Europe emerging in the EU. No wonder, then, that Poland was exceptionally active during the period of the following Czech Presidency of the EU Council, when an extraordinary summit of the Council was convened on the initiative of Nicholas Sarkozy and Angela Merkel on March 1, 2009. The French President wanted the summit to involve only the heads of states and governments of the eurozone countries. Due to opposition from Polish Prime Minister Tusk, Germany disagreed, admitting that the financial problems concerned all member states. As a result, the meeting was attended by representatives of all EU member states. The summit was concluded

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<sup>29</sup> Ibidem.

<sup>30</sup> Cf. J. Mistral, H. Unterwedde, *Wirtschafts- und Finanzpolitik: Herausforderungen und Perspektiven einer deutsch-französischer Initiative*, in: *Deutschland-Frankreich: Fünf Visionen für Europa*, "KAS Publikation. Deutsch-französischer Dialog" 2010, H 2, p. 31; Ch. Deubner, *Der deutsche und französische Weg aus der Finanzkrise*, "DGAP Analyse", April 2011; P. Kauffmann, H. Unterwedde, *Verlorene Konvergenz? Deutschland, Frankreich und die Euro-Krise*, "Aus Politik und Zeitgeschichte" 2010, Bd. 43, p. 13–14.

by obligations to increase budgetary discipline and reduce deficits, impose financial supervision over banks, and combat protectionism<sup>31</sup>.

In April 2009, the International Monetary Fund warned that despite these measures the crisis might impact eurozone countries, causing an economic recession and profound unemployment. Economic and Monetary Union faced enormous challenges, and it quickly turned out that the weakest states were capable of shaking the entire EMU structure. Greece was carefully scrutinized, having entered the EMU through the back door in 2001, partly on account of falsified statistics on convergence. On May 10, the European Commission, the heads of the European Central Bank and the representatives of the EMU (the so-called ‘troika’) agreed to design a special bailout package of €750 bn in case a similar situation occurred in the future in other, economically less resilient eurozone countries. On the following day, by virtue of Article 122 of *The Treaty on the Functioning of the European Union*, Finance Ministers (ECOFIN) established *The European Financial Stability Mechanism* (EFSM) and an instrument to aid eurozone countries, *The European Financial Stability Facility* (EFSF). It provided for loans and credit lines as well as empowered the European Commission to take out credits on capital markets and/or from financial institutions.

It was obvious that Germany and France continued to differ on the further steps to be taken by the EU in terms of the economy and financial sectors. Nicolas Sarkozy was right to argue that the Economic and Monetary Union, headed by the ECB, was insufficient when there was no common macroeconomic policy. He repeated his earlier proposal to establish an “economic government” (*gouvernement économique*) of all states in the eurozone and vest it with extensive powers. Chancellor Merkel rejected these proposals in favor of economic governance (*gouvernance économique*), promoting tight coordination and cooperation of the EU-27. Supported by Donald Tusk, she did not want to divide the European Union into two parts as she feared that the “economic government” would adversely impact the German economic model and disturb the independence of the European Central Bank<sup>32</sup>.

In the course of French-German consultations in Deuaville in October 2010, it was agreed that the target was to replace the current crisis instrument with a new, much stricter one that would be written into the Treaty. Agreement was also achieved as concerned the penalization of those EU states that failed to fulfill the fiscal requirements of the EU. Both parties also agreed that in extreme cases some states would even lose the right to vote on key EU matters. Chancellor Merkel backed up on her earlier strong demand to impose sanctions on unruly members of the eurozone automatically, without the approval of the Council of the European Union. In return, Nicholas Sarkozy supported German amendments to the Treaty. The new regulations were to come into effect by the end of 2013.

Although the proposal to amend the Lisbon Treaty came as a surprise to the remaining EU states, Germany and France were undeterred in promoting their arrangements.

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<sup>31</sup> C. Gammelin, *Dreier-Initiative. Warum die EU schon wieder ein Sondergipfel braucht*, “Süddeutsche Zeitung” of February 11, 2009.

<sup>32</sup> Cf. B. Koszel, *Aspiracje mocarstwowe Niemiec w Europie XXI*, in: *Realia i perspektywy*, Poznań 2012.

The Chancellor enjoyed support from Polish Prime Minister Donald Tusk, who was in Berlin on December 6, with nearly all his Cabinet attending Polish-German inter-government negotiations. After the meeting with the German Chancellor the Polish Prime Minister declared that Poland and Germany had very similar outlooks on how to operate in the time of financial crisis. He emphasized that this also applied to the European dimension of struggling with the crisis. He observed that both German and Polish constitutions stipulate a “certain type of financial security guaranties” for their respective states. In his opinion, “Poland was the first country to stipulate the so-called thresholds and ‘caution’ procedures thirteen years ago” providing for “the law at the highest possible level to prevent excessive sovereign debt”. Tusk said both he in Poland and Merkel in Germany had made efforts to consolidate internal finance and discipline their budgets. According to him, these steps accompanied by the “relatively huge” economic growth in both states ensured “good prospects for Poland and Germany”.

At another meeting of EU leaders in February 2011, Germany and France presented the so-called competitiveness pact they had drawn up together. It extended the range of economic governance. It provided for the supervision of economic conditions by means of indicators to measure the stability of public finance and competitiveness. In order to ensure the latter, tough obligations were to be introduced: the admissible budget deficit was to be written into basic law, indexation of pensions and remunerations was to be abandoned, the retirement age was to be adjusted, which in practice meant its rising, a joint basis for corporate tax was to be determined, national principles for managing a banking sector crisis were to be established, and vocational diplomas and qualifications were to be mutually recognized.

Germany and France demanded that the representatives of the Eurogroup adopt the competitiveness pact on March 11, even before the scheduled session of the European Council. Poland and Sweden expressed their reservations on the intention to call two separate meetings. Under such circumstances, the President of the EU Council Herman van Rompuy and J. M. Barroso commenced negotiations on a new draft of the pact that would be acceptable to all eurozone members. The details of the talks and the resulting agreement were disclosed at the summit of the Eurogroup on March 11. A new name, *The Pact for the Euro*, was adopted there. Within the framework of agreed common policy to maintain competitiveness and financial stability, the Eurogroup members could make individual decisions and shape these policies.

In this way, under *The Pact for the Euro* Germany managed to push through increased economic coordination within the eurozone, and this solution was adopted by the European Council at its meeting on March 24–25, 2011. It also approved the pact's extended formula, *Euro Plus Pact*, since the countries from outside the eurozone, Poland, Denmark, Lithuania, Latvia, Bulgaria and Romania, resolved to join the agreement. The members of the *Euro Plus Pact* agreed to reduce their respective sovereign debt to below 60% of GDP and to facilitate sanctions to be imposed more easily on excessively indebted countries. A country will only manage to avoid penalty provided that 2/3 of the countries agree to it. Four cooperation areas were provisionally determined: competitiveness (facilitated business operation, research and development investments, and relating the increase of remuneration with increased productivity), increased employment (labor market reform, reduction of unemployment, reduced

taxation on labor), public finance (statutory thresholds for debt, pension system reform and reducing early retirement), and tax coordination (the proposal to determine a common tax basis for enterprises).

In April 2011, acting under pressure from the European Commission, the Greek Government announced its intention to make severe savings in state expenditure. The level of budget deficit remained high (10.5% of GDP) though. Greek financial assets were supposed to last until mid-July. The adoption of the savings reforms by the Greek parliament on June 29, 2011 made the eurozone Finance Ministers transfer €12 bn of first aid package to cover the most urgent needs on July 2.

The bailout for Greece coincided with Poland's assuming the Presidency of the EU Council. In his speech, delivered in a highly emotional tone on July 6, Prime Minister Tusk addressed the issue of the financial crisis. "Thereupon I would like to get right to the point in describing what I believe is most important not only during the next six months, i.e. the period of the Polish Presidency, but what, in my opinion, constitutes a permanent task and challenge for the whole of Europe. It is the simplest question and not some sort of complicated philosophy – whether the answer, not only to the current crisis associated with the financial crisis, the condition of some European countries, especially those of Southern Europe but also the deeper crisis, the crisis of trust in Europe, the global crisis, is a departure from Europe, whether the answer is a reduction of what is European and common, or whether the answer is what we have tested over the years and what has worked well. The experience of Europe as a community, but also the personal experiences of each of us tell us that the best answer of Europeans, the best invention of Europeans is a united Europe. I would like to strongly emphasize – I have said this many times before in the presence of so many of you here – that this speech is not just to inaugurate our Presidency – Europe, united Europe, its institutions, its budget, its goals are not the source of the crisis. We are well aware of where the sources of the present financial crisis lie and it would be a false answer, the worst answer of all, to believe those who are saying – 'let's shrink Europe and this will be our answer to the crisis'. History has shown that when Europeans believed that the answer to threats is growth of nationalism, etatism, protectionism – it always ended in disaster"<sup>33</sup>.

Endeavors to achieve closer economic integration in the eurozone were met by yet another proposal from Chancellor Merkel and President Sarkozy, announced after the talks at the Élysées Palace on August 16. Referring to older proposals, both politicians suggested establishing an economic government for the eurozone that would convene twice a year. The government would be presided over by H. van Rompuy. Another proposal involved amending the basic laws of Euroland states by introducing debt thresholds and the tax on financial transaction. A common base to calculate corporate income tax (CIT) was to be introduced as of 2013 in order to reduce the competitiveness of the countries enjoying low CIT rates. Merkel and Sarkozy set a good example by declaring that the first step would be to align CIT in Germany and France.

In the last round of negotiations, Prime Minister Tusk strongly supported J. M. Barroso in the struggle for power in Europe, waged between EU institutions on

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<sup>33</sup> *Tekst przemówienia premiera Donalda Tuska w Parlamencie Europejskim, "Rzeczpospolita"* of July 6, 2011.



the one hand, and the French-German duo on the other. Among other things, this consisted in the involvement of the European Parliament in EU budget negotiations early on. The Polish Prime Minister on many occasions emphasized in his public announcements how important community was as a counterbalance to the dictate of the strongest. This approach was not always successful: at the October summit devoted to the agreement on the reduction of Greek debt the Polish delegation was asked to leave, and the eurozone took key decisions on its own.

In mid-November, the EU started getting ready for the European Council summit to be held in December. The summit was to determine the methods for the further struggle against the eurozone financial crisis. Chancellor Merkel continued to opt for stopping the growing eurozone sovereign debt, budget discipline and supervision of public spending. Chancellor Merkel was strongly supported by the Polish Minister of Foreign Affairs, Radosław Sikorski, in the above-mentioned speech he made at the German Society for Foreign Affairs in Berlin on November 28, in which he called for radical steps and European solidarity.

Germany was ready to pay the price for the much-needed support from the Polish politician, who actually spoke in favor of the German concept to save the eurozone. Contrary to the French intentions to create a homogeneous Eurogroup driven by its own rules and principles, which clearly meant the construction of a Europe of “two-speeds”, Poland was to be included in the decision-making process on the future of monetary union, and thus European integration. In her Bundestag speech of December 2, the Chancellor strongly emphasized that the eurozone was to be open to everybody willing to cooperate. She praised Warsaw, by saying that while Poland may not yet have adopted the euro, the state wished to increase its commitments and follow the path of a union in stability<sup>34</sup>.

As expected, the prescription written under significant pressure from the German Government at the European Council session in Brussels on December 8–9 won support from a clear majority of states. The “fiscal union” and its rigid observance by Community institutions did not raise reservations, but doubts arose with respect to the amendments of the existing treaties that would allow introducing the union. Some states, including Poland, feared that the procedure to ratify a new treaty by all member states would be long enough to allow for a Union of “two speeds” to emerge for good. After nine hours of talks, “fiscal union” was approved, albeit opposed by British Prime Minister David Cameron. He demanded that, in return for the British support for amending EU treaties, London should obtain special safeguards for the City’s financial services. The dispute resulted in the decision to tighten eurozone discipline and adopt the long-debated alternative inter-government agreement of eurozone countries<sup>35</sup>.

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<sup>34</sup> Bart, *Merkel mówi o przyszłości Europy i chwali Polskę*, “Gazeta Wyborcza” of December 2, 2011.

<sup>35</sup> *Kampf gegen Staatsschuldenkrise: Euro-Rettung mit schwerem Kollateralschaden*, “Financial Times Deutschland”, of December 9, 2011; M. Visot, *Euro: 9 heures de négociations pour un accord*, “Le Figaro” of December 9, 2011; *Schuldenkrise: Merkel zufrieden, Großbritannien im Abseits*, “Frankfurter Rundschau” of December 9, 2011; Ch. B. Schiltz, *Dieser Gipfel wird Deutschland stark verändern*, “Die Welt” of December 9, 2011.

On January 30, 2012, EU leaders attending a Brussels summit approved the fiscal pact, aiming to tighten budget discipline, and by this token – improve the credibility of eurozone states on the financial markets. Among other things, the pact stipulated a new “golden rule” intended to prevent eurozone sovereign debt in the future. The rule is to restrict the annual structural budget deficit of a country included in the pact to 0.5 of GDP. The countries will be required to write this rule into their respective national laws, preferably into the basic laws. In this way, member states were obliged to reduce sovereign debt and maintain it at a level of 60% of GDP annually. These stipulations can only be departed from provided that an extremely acute recession occurs. The pact will also facilitate financial sanctions to be imposed on those eurozone countries that exceed the permitted threshold of budget deficit (3% GDP). In this respect, the fiscal pact vests the European Commission and the European Court of Justice with a significant role. The European Commission is supposed to supervise the implementation of new fiscal rules, whereas the Court of Justice is to adjudge fines for countries failing to implement the spending rules. Fees to an amount of 0.1% of a country’s GDP will feed a future rescue fund for the Euroland. Ratification of the pact would be a condition for a eurozone state to obtain aid from a new rescue fund (ESM) that will amount to €500 bn and start operating in July 2012. France solved the highly controversial issue of non-euro members participating in meetings of the EU-17, while Germany supported it. It was decided that states outside the eurozone could be additionally invited to eurozone summits to discuss the issues of competitiveness, employment, global euro strategy and “at least once a year” to summits on the implementation of the fiscal pact. All the countries declared their readiness to sign the pact, apart from the UK and Czech Republic, who maintained their standpoint that earlier consultations with their respective parliaments were necessary<sup>36</sup>.

Eventually, on March 2, 2012, the 26 leaders of EU countries (not including the United Kingdom) signed a new inter-government treaty that stipulated the principles to tighten financial discipline in the European Union. Its official title was *The Treaty on stability, coordination and management in the Economic and Monetary Union*. It encompassed all the decisions taken at the European Council session in late January 2012. The Treaty will become effective on January 1, 2013 provided that at least twelve out of seventeen eurozone countries ratify it by then<sup>37</sup>.

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Poland happened to exercise the presidency in an exceptionally difficult time. The second half of 2011 witnessed an exacerbated eurozone financial crisis. Not being

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<sup>36</sup> *Pour l'euro, l'Europe se dote d'une discipline de fer*, “Libération”, of January 31, 2012; *Fortschritte bei Gesprächen über Schuldenschnitt*, “Financial Times Deutschland” of January 31, 2012; *Niepełne zwycięstwo Polski? Francja ustępuje ws. szczytów strefy euro*, “Gazeta Wyborcza” of January 30, 2012; A. Słojewska, *Polska w unii fiskalnej*, “Rzeczpospolita” of January 31, 2012. Cf. A. Gostyńska, P. Tokarski, *Spór o nowy pakt fiskalny – analiza i ocena*, “Biuletyn PISM”, No 17 of February 14, 2012, [http://www.pism.pl/files/?id\\_plik=9516](http://www.pism.pl/files/?id_plik=9516).

<sup>37</sup> Full text: *Treaty on Stability, Coordination and Governance in the Economic and Monetary Union*, <http://www.european-council.europa.eu/media/582311/05-tesm2.en12.pdf>.

a eurozone member, Poland perforce had little influence on the negotiations and rather tactfully did not impose herself. Poland's main endeavor was to prevent the dissociation of the European Union into a center (the eurozone) and the peripheries drifting on the outskirts of the Community. To a certain degree, this was achieved by means of voluntary accession of a definite majority of non-eurozone states to the "fiscal union".

Poland was also confronted with the events in North Africa and the Middle East, and the fears that these events might trigger an immense migration wave to arrive in Europe, generating considerable problems, in particular in South Europe. This diverted attention from the implementation of the Presidency Program drawn up in advance.

On December 14, 2011, the European Parliament deputies positively assessed the Polish Presidency, although it was commonly considered not to have been distinguished by any groundbreaking decisions. The following definitely speak for the success of the Polish Presidency: the adoption of the six-pack, i.e. a set of principles to tighten the financial supervision of Member States; the EU budget for 2012, passed under the circumstances of strong resistance from the British, who demanded cuts in EU expenditure in the face of the crisis; the conclusion of negotiations on association and free trade with Ukraine; the signing of the accession treaty with Croatia; the adoption of a European protection order for victims of violence (domestic, stalking, threats, kidnapping and attempted murder), which provides special measures to protect such persons throughout the Union, rather than only in the victim's home country; and progress in the negotiations on the single European patent (a draft of which may be adopted in 2012, although without Spain and Italy); the two-year extension of the EU food program aiding the poorest EU citizens (Poland succeeded in persuading Germany, which was determined to scrap the program, to change her standpoint).

The list of concrete defeats and failures is shorter. Failures of the Presidency were considered the lack of a final declaration at the summit of the Eastern Partnership, the impasse concerning the acceptance of Bulgaria and Romania into the Schengen area, the passive attitude during the climate conference in Durban, the lack of progress on the issue of tax on financial transactions, a lack of initiative in the field of social policy, no lobbying for provisions to facilitate the extraction of shale gas, and the unclear prospects for the initialed Association Agreement and the Deep and Comprehensive Free Trade Area Agreement with Ukraine<sup>38</sup>.

Thanks to the Presidency, Poland undoubtedly had an opportunity to promote herself in Europe and the world. In the period of six months there were 452 meetings, including twenty informal sessions of the EU Council and meetings of EU ministers, thirty conferences at a ministerial level, and over 300 meeting of experts. Most of them were organized in Warsaw, Sopot, Wrocław, Kraków and Poznań. Brussels hosted 1,940 meetings, including councils and committees. On the occasion of the EU Council Presidency, Poland prepared a rich cultural offer, at home and abroad, organizing al-

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<sup>38</sup> J. J. Węc, *Bilans polskiej prezydencji w Radzie Unii Europejskiej*, "Przegląd Zachodni" 2012, No. 2, p. 3–30; *Bilans polskiej prezydencji*, "Gazeta Prawna" of December 15, 2011.

most 4,000 concerts, exhibitions and other cultural events. The events that accompanied the most important cultural event alone – the European Culture Congress – attracted 200,000 viewers<sup>39</sup>.

### Summary

Since the financial crunch swept Europe in late 2008, Germany has opposed a coordinated EU campaign to aid the endangered states, claiming that each case should undergo a separate analysis. It was only the collapse of public finances in Greece and the financial problems of Ireland and Portugal that made Germany agree with France that it was necessary to establish special EU financial mechanisms in order to prevent the financial crises of EU member states; Germany also agreed that an ‘economic government’ of Eurozone states be created. Germany realizes very well that healing the Euro and the European economy is in its interest. Germany takes the greatest advantage of the single internal market as it sells the lion’s share of its vast industrial output without restriction there. Germany fears that abandoning the idea of the free flow of goods and capital may result in the emergence of new customs barriers and increased commercial protectionism. Finally, the collapse of the Eurozone might mean the end of the ‘project Europe’ Germany has contributed so much effort and money to.

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<sup>39</sup> *Pół roku prezydentacji w liczbach*, [http://pl2011.eu/content/pol-roku-prezydentacji-w-liczbach?gclid=CN\\_m8x7yjxq0CFcUj3godOUMHhg](http://pl2011.eu/content/pol-roku-prezydentacji-w-liczbach?gclid=CN_m8x7yjxq0CFcUj3godOUMHhg).