PISM | POLSKI INSTYTUT SPRAW MIĘDZYNARODOWYCH
THE POLISH INSTITUTE OF INTERNATIONAL AFFAIRS

BULLETIN

No. 68 (1008), 17 July 2017 © PISM

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"Unity through Balance:" Estonia's EU Council Presidency

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On 1 July, Estonia took up the presidency of the EU a half year earlier than planned, replacing the UK, which has begun its separation negotiations with the bloc. Estonia will try to take advantage of issues essential to the EU agenda, such as the innovation economy, digitisation, and cybersecurity, to pursue its own interests in the European forum. On the other hand, the upcoming Eastern Partnership Summit gives Estonia the chance to become more actively involved in external EU activities. However, the effectiveness of the presidency depends on the results of its efforts to coordinate the work of the Union in relation to the mass-migration crisis and the future of EU finances.

Innovation Economy. Estonia announced the priorities for its EU presidency in January. It intends to focus on the economic development of the EU, with the priority on an open and innovation-driven economy that is inclusive, meaning maintain the social balance in Europe. As a member of the eurozone, Estonia favours deepening economic and monetary union integration as well as measures to increase its competitiveness. The specificity of the Estonian economy means it is highly dependent on exports and must focus on attracting foreign investment and capital. Estonia will promote actions aimed at strengthening the competitiveness of the EU economy and the single market, especially the union of capital markets. This initiative is one of the pillars of Jean-Claude Juncker's points in his 2015 "Investment Plan for Europe."

Estonia also has indicated a need to increase labour mobility and free movement. This is related to the ongoing debate in the bloc on wages and benefits for posted workers. Estonia so far has presented a liberal approach to the regulation of the labour market and employment policies. According to European Commission data from 2015, it is 21st among the EU countries in the number of posted employees and 25th as host-country. To increase its own competitiveness, it will probably argue against solutions to the posted worker issue that were proposed by the European Commission (which include the alignment of remuneration to rates generally applicable in the host Member State). That puts it in the group of 11 countries so far that have raised objections to the EC's idea.

Digitisation and Security. Estonia supports the development of the digital single market, including the free flow of data. With the support of Estonian Andrus Ansip, Vice-President of the European Commission who is responsible for digitisation in the bloc, the country will use its presidency of the EU to develop a common digital space. In September in Tallinn will be the European Digital Summit, a conference on digitalisation and new technologies. Estonian involvement in this area coincides with the legislative priority of the Commission, which this autumn will propose a regulation on the free flow of data (non-personal). The European Commission estimates that the value of the digital market by 2020 will amount to €739 billion, which represents 4% of EU GDP. Meanwhile, internet services are still considered part of domestic markets. Only 7% of small and medium-sized companies in this industry sell to other countries.

New technologies are also being used in the security sector and Estonia aspires to be a leader in cybersecurity. It plans, for example, to set up a "cyber" embassy in Luxembourg, where foreign servers will be used to secure data on such things as critical infrastructure. Estonia also favours reviewing the EU Cyber

Security Strategy. At the same time, in view of its limited military potential and its perception of the threat from Russia, Estonia offers high specialisation in areas where it has experience and know-how, such as countering cyberthreats. Estonia will also support the development of the EU's permanent structured cooperation (PESCO) mechanism to strengthen and deepen common defence. At the same time, it will avoid using these EU tools in a way that undermines NATO political cohesion. The Alliance is, from Estonia's perspective, the guarantor of security in the region.

EU External Policy. Future cooperation with the Eastern Partnership (EaP) countries is especially important to Estonia. The EaP summit in Brussels in November will be an opportunity to intensify cooperation and develop programmes tailored to each project participant. Estonia wants to improve implementation mechanisms for principles adopted in Association Agreements (AA, including Deep and Comprehensive Free Trade Agreements, or DCFTAs) with Moldova, Georgia, and Ukraine. Estonia supports the resumption of AA negotiations with Azerbaijan. It also counts on strengthening EU support for the eastern states covered by EC policies, including an increase in these countries' cooperation with EU agencies.

Despite its own limited interest in the Western Balkans, Estonia at the beginning of its presidency has already signalled it will encourage opening additional chapters in the accession negotiations with Montenegro and Serbia. One of Estonia's key motivations for continuing the enlargement process is counteracting the negative influence of Russia on the Balkans.

Estonia also emphasises the need to continue the EU's dialogue with Turkey.

Challenges. The Estonian presidency's motto—"unity through balance"—indicates its desire to play the role of a state that smooths disputes between the Member States. Estonia will seek to limit initiatives that favour integration among small groups of countries, the "multi-speed" Europe notion. At the same time, in the face of Brexit Estonia will lose an EU ally in its liberal approach to economic governance and regulatory policies. It will therefore have to redefine its position on coordination of the EU economy. Estonia, though, is closer to the German perspective, which emphasises fiscal discipline, than to others. It is important that the Estonian presidency be EU consultations, which will concern the EC's reflection paper on reform of economic and monetary union presented in May. The conclusions of the consultation will be probably included in the annual assessment of the European Union (State of the Union), presented by the President of the European Commission. In turn, the European Council is scheduled for December 2017, devoted to the future of the monetary union. Another matter that divides the Member States is the shape of future budgets (Brexit is predicted to reduce the total by more than €10 billion a year).

Among other priorities, Estonia will take measures to deal with the mass-migration and refugee crisis. The next half-year will probably force a renewed discussion on reform of the Common European Asylum System. The proposal by the European Commission, which reviewed the Dublin Regulation concerning immigration, was not accepted by all Member States, including Visegrad states. Estonia was sceptical of a proposed permanent mechanism for the automatic relocation of refugees (so-called quotas). Its current policy, however, indicates it will present a position of solidarity with most EU countries. This is more likely if the statistical methods used in the mechanism are better tied to the economic potential of the country (including GDP) and the size of the population. Estonia agreed to accept 550 asylum-seekers from Greece and Italy, though about half of the 150 refugees it has already accepted have left Estonia.

Conclusions. Because of exceptional circumstances and the formal restrictions on the role of the presidency of the EU Council but also because of its own limited resources, Estonia treats its role pragmatically. Digitisation and cybersecurity are certainly priorities of Estonian lobbying, but it is also highly credible in these areas and can therefore be extremely effective in implementing its own initiatives. Its coordination of the EU agenda will focus specifically on elements in which its contribution can really translate into concrete action.