BULGARIAN PRESIDENCY OF THE COUNCIL OF THE EU

Priorities for January to June 2018
A Weber Shandwick Guide
6 December 2017
From 1 January to 30 June 2018, Bulgaria will hold the six-month presidency of the Council of the European Union (EU) for the first time ever. Coming between the Estonian and Austrian Presidencies, the country will be responsible for steering negotiations over the last new initiatives of the Juncker Commission, as the EU policy cycle gradually moves toward its end, with European elections scheduled for June 2019.

Not yet a member of the Eurozone or the Schengen free movement area, this will be Bulgaria’s first time at the helm as it marks this year 10 years of EU membership. Their chosen Presidency motto of “United we stand strong” reflects this important milestone and the tangible difference that a decade of European integration has made for this Balkan nation which sits at the crossroads of Greek, Slavic, Ottoman, and Persian heritage.

Strength and unity may be hard to find however. Among other things, the Bulgarians will need to navigate the choppy waters of Brexit negotiations, work around the failure of government coalition talks in Germany and Italy’s focus on its upcoming elections, and negotiate several controversial political dossiers likely to have a significant impact on the future of the Union.

These include items on the leaders agenda agreed in October 2017, such as Commission proposals for EU finances beyond 2020, the possible creation of an EU Minister of Finance, and the organisation of EU summits on migration, trade, defence, and investment screening. Bulgaria will also aim to launch discussions on a future EU long-term industrial strategy, likely to feed into the next EU legislature’s policy mandate.

With so many potential avenues of discussion, the Bulgarians plan to ground their Presidency on the following three main principles:

- **Building consensus** on the most politically sensitive issues, including security and migration, the future of the Western Balkans in the EU, promoting the rule of law, and delivering fairer justice systems;
Further developing a **competitive single market** based on digitalisation, fairer and more efficient taxation, and the removal of trade barriers to enhance cross-border services. This will go alongside discussions on the aforementioned long-term industrial strategy, aimed at allowing EU businesses to compete globally;

- Promoting a **more cohesive Europe** by initiating a debate on the future EU cohesion policy, the reformed Multiannual Financial Framework (MFF) post-2020, and the future Common Agricultural Policy (CAP). Cultural diplomacy will also feature significantly in a new plan for culture to become an additional tool for the Union’s foreign policy.

In terms of concrete policy priorities, the incoming Presidency will focus on:

1. **The future of Europe and young people, with a focus on economic growth and social cohesion**;

2. **A European perspective for the Western Balkans**;

3. **Security and stability in a strong and united Europe**;

4. **Digital economy and skills for the future**.

Overall, Bulgaria will face three major challenges: starting discussions on the current Commission’s final proposals, integrating a forward-looking “2025 perspective” into all negotiations, and rallying the other institutions to reach a deal on the most sensitive dossiers before the 2019 EU election. The debate on the political priorities of the future MFF will also be heated, given the need to do more with less post-Brexit, the drive to simplify EU funding programmes, and the necessity of adjusting EU finances in line with new challenges in the realm of security, defence and globalisation.

We hope the following analysis of the Bulgarian Presidency’s priorities for the next six months proves helpful. Please note all dates are taken from the latest draft calendar released by the incoming Presidency, and are correct at time of going to print. The formal adoption by the Bulgarian government of the final presidency priorities is scheduled for 20 December 2017.
BANKING, CAPITAL MARKETS AND TAXATION

Deepening the Economic and Monetary Union (EMU), completing the Banking Union, and accelerating the Capital Markets Union (CMU) are three main objectives of the current Presidency Trio. As such, Bulgaria will take on the challenge of negotiating more than a dozen financial services files, at both working party and Ambassador level.

With regards to the EMU, the Bulgarians may host a first presentation in Council of the Commission’s Economic and Monetary Union package, which is expected before the end of the year. This will usher in significant changes to the governance of the Eurozone, including a proposal to transform the European Stability Mechanism (ESM) into a European Monetary Fund, the creation of a Euro area budget, and the possible creation of an EU Minister of Finance post. However, the fate of the package will depend on the evolving situation in Germany: following the failure of Government coalition talks, some are arguing that any new proposals for further Eurozone integration will only see the light once there is a strong government and a clear mandate from Berlin.

On banking legislation, the Estonians successfully reached an agreement with the European Parliament on fast-tracked proposals within the Commission’s prudential package. These related to the creditor hierarchy in insolvency proceedings and the rules mitigating the introduction of International Financial Reporting Standard (IFRS) 9. The Bulgarians will now have to focus their attention on the remaining elements: risk reduction and banking resolution, should the Estonians fail to reach a General Approach before the end of the year. They will also need to advance discussions on the risk-sharing provisions included in the Proposal for a Regulation on European Deposit Insurance Scheme (EDIS), which are currently at a standstill. As outlined in the Commission’s latest Banking Union Communication, Member States have been urged to agree on these two files as soon as possible. The Commission has suggested that a two-stage approach be taken on EDIS, consisting firstly of a more limited reinsurance phase, then a phase addressing coinsurance.

The Bulgarians will be tasked with taking stock of the Communication, whilst also initiating talks on new legislation announced in the Commission’s 2018 work programme. This includes a proposal to reduce the level of existing Non-Performing Loans (NPLs), expected next spring, and a revised framework for investment firms to be unveiled before the end of 2017. Specifically on payments, the Bulgarians will chair discussions on the Payment Services Directive’s (PSD2) controversial standard on Strong Customer Authentication as well as initiate talks on an upcoming Commission proposal extending the application of the cross border payments Regulation to non-Euro countries – expected for release in March next year.

RELEVANT DATES 2018

22 - 23 January
Eurogroup meeting and ECOFIN Council

19 - 20 February
Eurogroup meeting and ECOFIN Council

12 - 13 March
Eurogroup meeting and ECOFIN Council

26 April
ASEM Finance Ministers meeting (Bulgaria)

28 April
Informal ECOFIN Council

24 - 25 May
Eurogroup meeting and ECOFIN Council

21 - 22 June
Eurogroup meeting and ECOFIN Council (Luxembourg)
The Bulgarians will also dive into technical discussions around proposed rules reviewing the European Supervisory Authorities’ (ESAs) founding regulations, as well as picking up Estonia’s work on the two proposals amending the European Market Infrastructure Regulation (EMIR). An agreement on the simplification proposal from May might however still be reached in Council under the Estonians before the end of the year. At working party level, discussions will also continue on the new rules for a Pan-European Personal Pension product (PEPP) and targeted amendments to the MiFID and Solvency II rules and the European Systemic Risk Board (ESRB) Regulation as part of the ESA review.

In terms of new CMU proposals announced by the Commission, the Bulgarians will likely host in Council first presentations of new rules introducing a European framework for covered bonds and on crowd and peer-to-peer finance (both expected for early next year) as well as two policy action plans on financial technology (FinTech) and Sustainable Finance.

With regards to taxation, most of the incoming Presidency’s work will focus on VAT, given the recent legislative proposals within the first VAT Package presented by the Commission last October and new measures to tackle VAT fraud, which include a Council Regulation aimed to simplify administrative cooperation between the Member States in this field.

Finally, on corporate tax, experts in Council will likely continue to examine Commission proposals for a Common Consolidated Corporate Tax Base (CCCTB). Despite the European Parliament’s eagerness to introduce the new framework and find a proportionate and fair system to tax the digital economy, the two proposals face significant opposition by some Member States, mainly due to concerns over subsidiarity and proportionality, and the need to align with ongoing international work around this topic. This specific aspect was reiterated by EU Finance Ministers’ Conclusions on Digital taxation adopted in early December. The Commission has announced new measures to tax the digital economy for 2018, although it remains to be seen to what extent they will be supported by Member States. The debate on this sensitive issue in fact also urged the Commission to postpone the release of new rules on VAT rates to 2018.
It has been eight months since Article 50 was triggered and there are another sixteen
to go until the set exit date of 29 March 2019. For the moment, the EU27 appear to be
immovable on their prerequisite of three key issues – citizens’ rights, financial
disentanglement, and the Northern Ireland border – being addressed before the second
phase of talks can begin.

Progress has been made on a joint text between the UK and the EU negotiators on
these issues. However at the time of writing, UK Prime Minister Theresa May has not
yet managed to balance the competing interests in her coalition with the requirements
set by the Irish Government and the EU for there to be regulatory alignment with
Northern Ireland consistent with no border. The possibility of the December European
Council agreeing that “sufficient progress” has been achieved and to give the green
light for talks on the future EU-UK relationship is receding, although not yet off the table.

However, given the urgency of kicking off future relationship discussions as soon as
possible, some internal work to set the framework for these has already begun. Set
against this timeline, UK Prime Minister Theresa May and Brexit Secretary David Davis
have expressed their willingness to consider a transition deal, required for business
continuity. However, there are, as of yet, no details on how this will be approached.
The discord within the UK government is likely to further complicate matters.

The Bulgarian Presidency will thus be in charge of setting a schedule for the Council’s
Brexit Working Group, as well as coordinating talks on future trade in goods and
services – even if the Presidency role in such negotiations remains mostly administrative.

However, Sofia will also be responsible for ensuring the three key issues receive
sufficient consideration, to prevent the risk of smaller countries or the European
Parliament vetoing a deal. At the same time they must also remain mindful of Bulgaria’s
own strategic partnership with London, as mentioned by President Rumen Radev during
a recent meeting with the UK Ambassador to Bulgaria.

Over the next six months, the Bulgarian Presidency will find itself in the thick of the
Brexit debate, yet likely stalled by the twin roadblocks of judicial governance and
financial matters. A large deal of finesse will be required to overcome these obstacles,
on both sides of the negotiating table.

**BREXIT**

**RELEVANT DATES**

2017/2018

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DIGITAL ECONOMY
AND SOCIETY

Sofia is seen as one of Europe’s hottest destinations for start-ups in the field of software and cloud services. The city is well-known for the Webit.Festival, one of the most important Digital events in Europe. This will be the flagship initiative of the 2018 European Digital and Innovations Week.

Bulgaria has set Digital Economy and Skills for the Future as one of the main priorities for its Presidency. Sofia will focus on improving digital connectivity in the Western Balkans, strengthening cybersecurity across the EU, promoting e-skills and competences, fostering the digitisation of industry, setting ICT as the foundation of the economic system and pushing for the completion of the Digital Single Market (DSM).

During its mandate, Sofia will play an integral role in finalising several digital files. This will be facilitated by having their countrywoman Mariya Gabriel as Commissioner in charge of the EU DSM. However, it is worth noting that, despite substantial effort from the Estonians, many of these dossiers have been mired in Council negotiations for some time.

The first of these is the European Electronic Communication Code. After two trialogue meetings led by the Estonians, Bulgaria hopes to achieve significant progress on this often divisive file. Indeed, the target for reaching an agreement has already been set for 8 June; the date of the next Telecoms Council. The European Commission also expects Bulgaria to agree a new structure for the Body of European Telecoms Regulators. And by April, the Commission will publish revised guidelines to address significant market power in the sector.

On data protection and security, the most notable milestone during this Presidency is likely to be 28 May, when the General Data Protection Regulation will come into force. The Commission is expected to release guidance on this early next year. Less talked about, but just as noteworthy, is the deadline for transposition of the Network and Information Security Directive which comes just ten days earlier, on 18 May 2018.

Against this background, the issue of privacy in electronic communications will likely dominate debates between Member States, with Bulgaria taking the baton on the technical discussions on the most contentious articles of the proposed ePrivacy Regulation. These include consent requirements, restrictions of users’ rights, and the legal basis for processing content data and metadata. Bulgaria will also seek to

RELEVANT DATES 2018

25 January
Informal JHA Council

31 January
Informal Competitiveness Council

15 March
Conference on Intellectual Property

26 March
International “Cybersecurity Challenges” Conference

17 April
Working Group on Digital Skills and Competences

22 May
EU – U.S. JHA Ministerial meeting (tbc)
further discussions on cross-border flows of non-personal data and cybersecurity certification for ICT products and services within the Cybersecurity Act. Already some Member States are pushing for a system that would allow for some degree of data nationalism and it will be up to Bulgaria to persuade them otherwise. Furthermore, the Commission is expected to present a strategy on robotics and Artificial Intelligence early next year.

Bulgaria also hopes to make progress on EU Copyright Reform, which has been discussed in Council since November 2016. Trialogue negotiations will be able to start as soon as Member States agree on a general approach. On the topic of revising rules for Audiovisual Media Services, Bulgaria is expected to conclude the talks. After four rounds of trialogues chaired by the Estonians, they should strike a deal between the European Parliament and the Council. The Bulgarians will also try to reach a general approach on the proposed Regulation on online broadcasting.

On eCommerce, Bulgarians must advance discussions on the Commission’s amended version of the proposal on the online sale of goods, in order to finalise the package on digital contract rules, which includes an initiative on the supply of digital content. Sofia is also expected to advance triilogue negotiations on cross-border parcel delivery, hoping for an inter-institutional agreement by the end of their mandate.

The upcoming Presidency will also tackle the review of the IPR Enforcement Directive and address the Commission’s recent Communication on Standard Essential Patents. Sofia could also open a debate among Member States on the Commission’s proposal on fairness in platform-to-business relations and its initiative to combat fake news, expected in the first half of 2018.

Finally, stakeholders eagerly await the conclusion of Estonia’s work on the Digital Single Gateway, following Member States’ statement of support and signature of the e-Government Declaration in Tallinn.
While Estonia had the hard task of ensuring the swift adoption of strong Council positions on numerous legislative proposals setting the energy and climate framework to 2030, it will be up to Bulgaria to defend these approaches and engage in arduous negotiations with the European Parliament.

The Bulgarian Presidency will have to defend the Council’s position on key aspects of the Energy Union, negotiating on issues where Parliament has very divergent views – e.g. level and ambition of targets for renewables and energy efficiency, higher or lower obligations for Member States – while at the same time making enough progress to ensure the final adoption of these proposals under the Austrian Presidency, at the very latest.

When it comes to the future frameworks for Energy Efficiency or Renewable Energy Directives, trialogue negotiations will undoubtedly focus on the ambition of EU-wide objectives, and on whether or not these common targets should be translated into binding national obligations. All these discussions will be linked to the Energy Union Governance, a new regulatory instrument proposed by the Commission as a tool to ensure all Member States fulfil their energy and climate commitments, under the Commission’s oversight.

More concrete issues embedded in these pieces of legislation are also likely to trigger vivid discussions between institutions: the future of alternative renewable fuels for transport (including conventional and advanced biofuels) which will condition any agreement on the Renewable Energy Directive; the conditions under which electricity markets should be redesigned and how they should address the transition towards secure and cleaner electricity; or how to uncap the full potential of energy efficiency.
It is yet to be seen if the institutions will meet their own expectations and conclude an agreement on the Energy Performance of Buildings Directive before Bulgaria takes over the Presidency.

From a political standpoint, Bulgaria intends to focus its Presidency on further consolidating Europe’s security of supply, especially when it comes to gas supplies for Eastern Member States. With at least three high-level conferences devoted to South-East Europe as a potential gas hub, Bulgaria wants to further highlight the role of the region in securing Europe’s supplies. This could be enriched by the Council’s internal debates on the proposed amendments to the Gas Directive.

Other issues, such as the role of civil society in devising regulatory frameworks or the transition for coal rich basins and regions will be present in the Presidency’s programme.
CLIMATE

The Bulgarian Presidency launches in the wake of COP23, where limited progress was made on the so-called rule-book for the Paris Climate Agreement. The European Commission will therefore be determined to ramp up its own climate diplomacy, and Bulgaria will need to shepherd key climate dossiers through Council.

However, given that its energy base still relies substantially on fossil fuels, the Bulgarian Presidency approach to climate policymaking is liable to be lukewarm. The Bulgarians will likely prioritise strengthening the Energy Union and boosting the circular economy instead. In any case, much of the legislative work on EU climate policy is expected to be finalised under the current Estonian Presidency.

In terms of the critical climate files on the agenda, an agreement was recently reached between Parliament and Council on the reform of the EU Emissions Trading System (EU ETS) – the cornerstone of EU Climate policy. This means that the Commission will soon be designing related implementation measures, including the modalities for the Innovation Fund and the Modernisation Fund. As a potential recipient country, Sofia will be closely involved in this process.

Meanwhile, the Presidency may have to continue challenging trialogue negotiations around the proposed Effort Sharing Regulation (ESR), recently launched after Council reached a common position. This is the counterpart of the EU ETS which sets national targets to reduce emissions from non-ETS sectors for the 2021-2030 period (including energy, transport, industrial processes and product use, agriculture and waste). Closely related, and also still in trialogue, is the Land Use, Land Use Change and Forestry (LULUCF) proposal. It is still possible, however, that both files will be wrapped up by the Estonians before they bow out.

Towards the end of the Bulgarian Presidency, the Commission is expected to publish two non-legislative papers: one on the future of EU energy and climate policy, and another on the implementation of the Sustainable Development Goals in the context of the Paris Agreement. The Commission is also undertaking a re-modelling of the 2050 low-carbon roadmap and may elaborate a new 2050 greenhouse gas emissions reduction objective as part of this. Depending on the timing, Sofia may have to help facilitate a Council response to these.

RELEVANT DATES 2018

18 - 19 January
Regular meeting of the General directors / directors on climate change

12 February
Conference “The road to a low carbon economy by 2050”

5 March (tbc)
Environment Council

22 - 23 March
European Council Summit including discussion on Climate and Energy

10 - 11 April (tbc)
Informal Environment Council

25 June (tbc)
Environment Council

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The Bulgarian Presidency’s work in the transport sector will be dominated by various legislative initiatives governing vehicle emissions. Bulgaria will also organise a conference on intermodal transportation, under the leadership of Transport Commissioner Violeta Bulc. Another priority will be ensuring the security of personal data in a transport context; this will inform work on all legislative files, with a dedicated conference on Passenger Name Record (PNR), for instance, already scheduled for February.

Following the launch of the 2nd Mobility Package in November 2017, and with the 3rd and final Package expected in Spring 2018, the Commission will soon complete its ambition of setting new emission standards for cars, vans and, for the very first time, trucks. Given its own important long-distance road haulage sector, Bulgaria will focus on advancing the vehicle emission framework which will determine the contribution of the sector to the EU’s energy and climate goals, as well as impacting the competitiveness of vehicle manufacturers.

The Commission has already proposed to reward carmakers with a CO₂ credit towards their average fleet emission targets if they sell at least 15% alternatively-fuelled vehicles by 2025. These and other provisions will be heavily contested by both Member States and the European Parliament, and significant efforts will be required to advance discussions so a deal can be reached before the European elections in early 2019. The Presidency will also consider growing concerns about the negative impact of emissions from the road transport sector on air quality, by organising a conference on innovative solutions to air quality challenges.

Bulgaria may also be required to broker a deal on access to the EU’s road haulage market and working conditions for transport workers, should the Estonians fail to do so by the end of 2017. This controversial topic pitches Western European countries, who want to restrict foreign road haulage operators’ activities, against their Eastern counterparts (including Bulgaria) who aim to safeguard their competitive positioning and market share. Another important issue is the possible introduction of distance-based road charging across the EU, following the Revision of the Eurovignette Directive. This could have far-reaching consequences for Bulgaria’s own road transport sector. The Parliament’s Transport Committee is expected to form its Opinion on this by May 2018, so Sofia has until then to hammer out a common position in Council.
On **maritime transport**, Sofia will start work on the revision of the **Port Reception Facilities Directive**. This was due to be proposed in December 2017 with a view to reducing waste discharges into the sea, whilst ensuring an efficient operation of EU ports. Meanwhile, the Commission is continuing to review a suite of maritime legislation, including the **Third Maritime Safety package**. The most advanced is the revision of the Reporting Formalities Directive and this could be presented in the Spring. The Presidency will also organise the **2018 European Maritime Days**, taking place in the Black Sea harbour of Burgas, and focused on the future development of EU maritime policy.

Bulgaria will also focus on enhancing the competitiveness and sustainability of EU **air transport** by continuing work on the revision of the **Regulation on protection against subsidisation and unfair pricing practices in air transport**, currently considered by many market participants to be inadequate and ineffective. Parliament and Council are expected to start informal negotiations on the final text in March 2018.
For the past few months, the circular economy has been high on the environmental policy agenda, and this is unlikely to change with the advent of the Bulgarian Presidency. The Bulgarian Ministry of Environment and Water has already announced their intention to encourage Member States to keep high environmental protection standards, improve air quality, and promote sustainable growth and the green economy.

To this end, the Bulgarian Presidency and the European Commission intend to co-organise a high-level conference on Eco-innovation for Air Quality in Sofia from 5 to 6 February 2018. This will continue discussions on eco-innovation initiated by the Estonians, as well as providing an opportunity for companies and public authorities to exchange best practices for innovative business and governance models. Back in Brussels, it is likely that the Bulgarian Presidency will finalise the first reading agreement with the European Parliament on the waste legislation review.

Another hot topic is the European Commission’s Plastics Strategy, a topic on which the Presidency plans to organise a dedicated Council debate. This may well be a lively meeting, as the issues to be dealt with are linked to the waste legislation review, as well as global actions to fulfil the Sustainable Development Goals, such as fighting marine litter. Another initiative which will form part of the Circular Economy Action Plan to be released early next year is a legislative proposal reviewing the Drinking Water Directive – the Bulgarians will start discussions on this.

Last but not least, the Bulgarian Presidency will advance work on the Fertilisers Regulation, on which the European Parliament adopted a position in October 2017. The Estonian Presidency is still discussing the compromise texts with the Technical Harmonisation Working Party.
Disruption continues when it comes to global trade policymaking. While the U.S. continues to withdraw from multilateral trade negotiations and push its ‘America First’ agenda, China is fervently seeking to bring countries towards its Belt and Road Initiative. Meanwhile, the EU is looking to strengthen its resolve against unfair trade and boost its profile as the global flagbearer of free trade.

It is against this backdrop that the Bulgarian Presidency will have to negotiate several high-profile files. At the same time, the next six months will see a flurry of Free Trade Agreements (FTAs) entering into ratification, being negotiated, or being launched. This will follow a WTO Ministerial Conference in Buenos Aires from 10 to 13 December, where WTO members will push for a revival of the multilateral trade policy agenda. The March 2018 European Council Summit dedicated to trade will therefore be a moment to take stock of the EU’s trade policy performance.

More concretely, the Bulgarians will further discussions on the Commission’s trade package tabled last September. This includes a Proposal for a Regulation establishing a framework for screening of foreign direct investments into the EU, which seeks to better protect high-end technology assets from foreign acquisitions, in particular from Chinese state-owned companies. This will land on the agenda of the March Summit, and the European Parliament’s International Trade Committee is to follow-up with a vote on the matter in May.

Another topic likely to end up on the Summit agenda is the modernisation of EU Trade Defence Instruments (TDI); first proposed by the Commission in 2013, but reinvigorated in the past two years by concerns around Chinese steel and aluminium dumping. Council adopted its position on this in December 2016, and while an agreement was reached in October 2017 on a related proposal for a new anti-dumping calculation methodology, the TDI reform proposal is still in trialogue negotiations. It could therefore be wrapped up within the tenure of the Bulgarian Presidency.
With regards to investor protection, the Commission is pushing to include the new Investment Court System (ICS) within the FTAs currently on the table, and has tabled a proposal for a mandate to launch international negotiations to this end. These should provide the building blocks for a Multilateral Investment Court. However, it remains to be seen if the ICS is even compatible with EU law; the European Court of Justice is due to give an opinion on the legality of ICS within the recently concluded FTA with Canada. Meanwhile, discussions continue over how to ensure the enforcement of provisions in the Trade and Sustainable Development (TSD) chapters of EU FTAs. Although no legislative proposal is foreseen at this stage, the possibility will likely emerge in debates over the mandates for upcoming FTA negotiations.

These trade policy reform efforts take place alongside a number of ongoing EU-led FTA negotiations. An ‘agreement in principle’ was reached with Japan in July and negotiations are expected to be finalised by year-end. Trade negotiations with the Mercosur block and with Mexico are also advancing and may be wrapped up in the next few months. Ratification procedures could already take place during the first half of 2018. Meanwhile, the legal review and translation of the EU-Vietnam FTA should be finalised shortly. The EU-Singapore FTA will also enter ratification in 2018. Meanwhile, the Commission will start negotiations for the modernisation of the FTA with Chile, whilst the Council is expected to approve mandates to launch negotiations with Australia and New Zealand.

Although Bulgaria displayed a negative trade balance in 2016, its strong manufacturing base and substantial contribution of exports to GDP mean it has much to gain from opening up to new markets. Attracting further Foreign Direct Investment is a priority for stimulating economic growth. It remains to be seen how the country will balance its national trade policy priorities with those of the EU.
When it comes to foreign affairs, the Bulgarian Presidency’s strongest focus is likely to be on EU enlargement. As a Balkan nation, Bulgaria has been very clear in advocating for a stable, secure, and prosperous Western Balkan region, and the Presidency’s Priorities reflect this trend. Bulgaria will push for further progress on integrating Western Balkan countries into the EU, strengthening bilateral dialogues on the fulfilment of conditions for a region that has often lagged behind when it comes to fulfilling its European ambitions.

One suggestion the Presidency will make to improve the prospects of accession is enhanced regional cooperation and good neighbourly relations via greater connectivity. This would touch on the areas of transport, communication, infrastructure, and energy, designed to further boost links with other Western Balkan countries and the EU more widely. This focus is mirrored in the work programmes of other EU institutions, such as the European Commission which is planning to publish a Strategy for a successful EU accession of Serbia and Montenegro during the Bulgarian Presidency.

In light of this, the EU-Western Balkans Summit will be of great importance. The Presidency’s performance in this area will serve as a gauge for the Presidency Trio’s overall foreign policy, since the Commission will seek to present the Communication on the possibility of further enhancing the use of qualified majority voting in Common Foreign Policy in late 2018. This aims to solidify and strengthen the EU’s position on the global stage, particularly by further implementing the EU Global Strategy and strengthening the Permanent Structured Cooperation (PESCO) Framework in the EU Treaties. Within this context, political and technical debates are also expected on how to strengthen the European Defence Industry Programme.

On migration and security, the focus will be on both their internal and external dimension. High level discussions will take place on how to move ahead with the renewed Internal Security Strategy, with particular attention on the fight against organised crime, counterterrorism and tackling cybercrime. Ensuring the proper functioning of the new European Public Prosecutor’s Office (EPPO) – to which 20 member states have joined the enhanced cooperation – will also be a key priority.
Despite not being members of the Schengen Area, the Bulgarians made clear their plan to work hard and lead compromises in Council in order to **move back to the full functioning of the Schengen Area**, as well as to further strengthen the **Common European Asylum System** on the basis of the principles of responsibility and solidarity.

With regards to the external dimension of EU migration policies, attention will be given to strengthening partnership frameworks with third countries and addressing the root causes of irregular migration.

In terms of relations with the wider neighbourhood, the Bulgarian Presidency is unlikely to rock the boat on contentious issues such as Russia, Ukraine, Syria, and the Southern Mediterranean. Foreign Affairs Minister Ekaterina Zaharieva has emphasised Bulgaria’s consistent position in support of the Eastern Partnership initiative, and its commitment to deep and comprehensive partnership agreements with Armenia and Azerbaijan.

The incoming Presidency will, however, look to further stabilise the Black Sea region, including balancing NATO’s presence in the region. It will likewise aim to further develop relations between Central and Eastern European states and Asia, also in light of Bulgaria’s strong cooperation with China via economic projects such as the Belt and Road Initiative and the EU-China Connectivity Platform.

**RELEVANT DATES 2018**

- **22 May**
  EU-US JHA Ministerial meeting (tbc)

- **22 May**
  Foreign Affairs Council on Trade and Development

- **28 - 29 May**
  Foreign Affairs Council on Defence

- **25 June**
  Foreign Affairs Council (Luxembourg)

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The incoming Presidency has stated its commitment to fostering social innovation, supporting youth, improving the quality of education, and promoting the widespread use of information and communication technologies (ICT). In addition, following the recent endorsement of the European Pillar of Social Rights, Bulgaria will be tasked with mainstreaming its 20 principles across all EU policy initiatives.

In line with the Commission’s plans for a new Multiannual Financial Framework, Bulgaria has expressed its intention to kick-start discussions by negotiating financial support for future EU cohesion policy beyond 2020. Securing resources for the future European Social Fund and other European Structural and Investment Funds will likely be another priority, in light of the Presidency’s commitment to further advance EU social and cohesion policy objectives.

Bulgaria’s specific areas of focus will include facilitating intra-EU labour mobility, boosting investment in human capital, equal opportunities, non-discrimination, and further promoting gender equality, early childhood education and care. More specifically, two priority areas will be developing new skills and competences for the future workplace – with a strong focus on digital – and promoting European values via instruments of formal and non-formal education.

These priorities will likely guide the first discussions on the Commission’s Social Fairness Package, which is expected in the second quarter of 2018. This will include proposals to establish a European Labour Authority, an initiative on access to social protection for atypical self-employed workers, and measures to establish a European Social Security Number. Discussions in Council will also likely address the Commission’s Action Plan on tackling the gender pay gap released in November and a proposed Revision of the Written Statement Directive to be released before the end of the year.
At working party level, the Bulgarians will continue technical work on the EU Accessibility Act, on which the Estonians are aiming for a General Approach before the end of the year in order to initiate talks with the European Parliament, and the controversial 2008 Equal Treatment and Work Life Balance Directives. Two other specific legislative initiatives on the agenda also include the mid-term evaluation of the Erasmus+ Programme and the continuation of the work on the European Solidarity Corps.

Discussions are expected to advance swiftly on the Regulation on the coordination of social security systems regulation, on which the Estonians agreed a Partial General Approach on specific chapters, including provisions on access of economically inactive citizens to social assistance, as well as the Posting of Workers Directive. On the latter, negotiations with the European Parliament are expected to advance in the course of 2018.

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**RELEVANT DATES 2018**

8 June  
High level conference “EU Cohesion policy: post 2020 perspectives for convergence and sustainable regions”

14 June  
Meeting of tourism ministers of BSEC countries

21 - 22 June  
EPSCO Council on Social Affairs (Luxembourg) and Conference on the European Pillar of Social Rights
In the area of health, the Bulgarian Presidency plans to focus on two main issues: stimulating innovation in healthcare, and improving the health of EU citizens.

On the first, it’s expected that Bulgaria will continue Estonia’s work on stimulating innovation in healthcare via a focus on digital innovation and creating a conducive investment climate for SMEs. On the second, the Presidency aims to prioritise access to effective and innovative medicines at an affordable price; tackling childhood obesity and stimulating healthy eating amongst children; promoting physical activity; and ensuring healthier and safer working conditions.

In the area of affordable and innovative medicines, the Bulgarian Presidency will hold a high-level conference to discuss the better provision of access to effective medicinal products. The issue of parallel trade in pharmaceuticals, which has been high on the agenda of the Bulgarian government for the last few years, may also be addressed in this context. It is also possible that the Bulgarian Presidency will push for further voluntary action in the area of joint public procurement for medicines, following the signature of an agreement between Bulgaria and Romania in late 2016.

In relation to on-going legislative dossiers, Bulgaria will work closely with the European Commission on the results of the initial impact assessment and stakeholder consultation on the EU initiative on Health Technology Assessment (HTA), planned for release by the end of January 2018.

**RELEVANT DATES 2018**

**6 February**
Conference on Children’s Healthy Eating Issues

**6 March**
Conference on Providing Access to Effective Medicinal Products

**22 April**
Informal EPSCO Council Meeting on Health

**23 - 24 April**
External meeting of WG health attachés Public Health Council of the EU (tbc)

**29 - 30 May**
Working Group meeting of Executive Agencies on Drugs

**20 - 21 June**
Head of Agencies meeting

**HEALTH**

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In line with the overall priorities of this Presidency Trio, simplifying and modernising the Common Agricultural Policy (CAP) and discussing the post-Brexit EU budget for agriculture will feature high on the Bulgarian Presidency’s agenda.

On the topic of CAP reform after 2020, the Presidency is expected to work closely with the Commission, following its November 2017 Communication on the Future of CAP. This charts possible policy directions and will be followed by impact assessment work and legislative proposals to be presented by summer 2018. At a ministerial level, Bulgaria will emphasise the need to ensure sustainability of agricultural holdings and farmer incomes, while also placing a strong focus on ensuring the continuation of the CAP budget, following the recent provisional agreement on the Omnibus Regulation reached with the European Parliament. In this context, Sofia plans to prioritise instruments within the CAP framework that have proven effective, such as the Single Area Payment Scheme and Voluntary Coupled Support.

The Bulgarians will also pay particular attention to sustainable agricultural production and environmental protection. To this end, the Presidency will hold the second FOOD2030 High Level Event on Research and Innovation for Food and Nutrition Security in June 2018.

During Bulgaria’s Presidency, the Commission is expected to publish a legislative proposal on improving the EU’s Food Supply Chain, aimed at strengthening the position of farmers. This work will feed into and complement the Commission’s reflection process on the future of the CAP. In parallel, the Commission should publish, by the end of 2017 or early 2018, the outcome of its evaluation of the General Food Law Regulation.
Taking on one of the EU’s cross-cutting priorities – addressing the spread of antimicrobial resistance (AMR) – the Bulgarian Presidency will likely need to steer the Council through inter-institutional negotiations on two key files: the Regulation on manufacturing, placing on the market and use of medicated feed and the Regulation on veterinary medicinal products (VMP). These contain targeted provisions addressing the use and misuse of antimicrobials in animals as part of broader efforts to address the growing risk of AMR. The VMP dossier is currently being negotiated within the Council. Once Member States agree on a General Approach, ideally before the end of 2017, the Bulgarians will take over trialogue negotiations. Meanwhile, the medicated feed proposal is ready for inter-institutional negotiations, and awaiting progress on the VMP file.

Finally, in terms of non-legislative priorities, the Bulgarians will work on the issue of dual quality food products, which they, the Czech Republic, Slovakia and Hungary have all pushed up the EU’s agenda. As such, it is expected to feature in ministerial discussions within this sector.
If you would like any further information on these issues please do not hesitate to get in contact with us:

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