

Recommendations

FROM THE
MEMBERS
OF THE

TEPSA NETWORK

TO THE
INCOMING

SWEDISH PRESIDENCY



The Swedish Presidency – Matching Crisis Response with Strategic Thinking

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The Trans European Policy Studies Association (TEPSA) has a tradition of formulating recommendations to the incoming Council Presidency. These recommendations are formulated by experts from the TEPSA network, without necessarily representing the views of TEPSA or its Member Institutes. They will be presented to the incoming Swedish Council Presidency on the occasion of the TEPSA Pre-Presidency Conference on 1-2 December 2022 in Stockholm. The conference is organised by the Swedish Institute of International Affairs (UI) and TEPSA, with support from the European Commission – namely from the Citizens, Equality, Rights and Values (CERV) and Horizon 2020 programmes (in the framework of the DiCE project & RECLAIM project).

The Swedish Presidency – Matching Crisis Response with Strategic Thinking



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The European Union is going through a perfect storm. Since Russia invaded Ukraine, the war is causing economic turbulence and energy shortages, with different levels of impact on the Member States. A number of emergency measures are on the table at the EU level to mitigate its dependences in crucial sectors such as energy and defence, which have exposed it to adverse circumstances. The EU realized that this has the potential to undermine the solidity of European unity, since national governments will be tempted to privilege the protection of their own interest and try to appease an increasingly worried domestic public opinion.

At the same time, the EU's world shrunk as Russia revealed itself as a systemic enemy, China reinforced its status as an economic competitor and countries in the global South became more vocal in their criticisms of the European model. The EU's allies also are at critical junctures, given notably the political turmoil and the long wave of consequences of Brexit in the UK and the political consequences of midterm elections in the US. More than ever, the EU has to find its own way to strategic autonomy, social resilience and regional stability. The newly formed Swedish government will have to face the conundrum of these challenges when it takes over the Presidency of the EU Council from Czech Republic in January 2023.

An overarching priority would be to **restore the competitiveness of the EU's economy** amid mounting inflation and the asymmetric impact of energy and commodity price hikes. If the EU will be forced to allow a certain degree of differentiation of national responses, it is crucial for the Swedish Presidency to coordinate a truly European action. Proposals that are currently on the table such as the adoption of a price cap for gas imports should be swiftly implemented while other measures such as new solidarity mechanisms based on the SURE programme should be seriously considered. It is important to underline that research and innovation are also important parts of long term competitiveness.

Emergency interventions should not shadow strategic thinking about longer term sustainability of the Euro area and the single market. Therefore, the Swedish Presidency should **push forward the EU's reform agenda, starting with the economic governance and the fiscal rules**. Sweden has long been a supporter of budgetary discipline, however, the realities of the day require a flexible approach to debt reduction. Holding the Presidency, the country will have to look for the common good and play the role of a "honest broker".

For the months to come, **securing supply chains and empowering European industry** should also be at the centre of the EU's discussions. This agenda should not advance at the expense of existing alliances and partnerships. Neither against the over-arching goals of green transition. Having said that, the new geoeconomic reality forces the EU to think strategically about the future of its trade relations.

The Swedish Presidency needs to be aware of the multiple pressures that societies in the EU are currently facing. High inflation, roaring energy prices and rising migration numbers hit societies in vulnerable times when neither the COVID-19 pandemic is completely over nor its economic and social consequences have been tamed. **Ensuring resilience of European societies** becomes key – particularly in view of upcoming national elections in several EU Member States in 2023 and the European Parliament elections in 2024. The Swedish Presidency has to make sure to act on the European Pillar of Social Rights Action Plan as well as on necessary reforms in the migration and asylum policies.

The Swedish Presidency will also have an important role in **advancing the EU’s agenda in the continent**. The latest developments related to enlargement policy; the overall need to think about partnerships with EU’s neighbours and the urge of giving substance to European Political Community are key issues on the agenda. Reshaping the EU’s relations with other countries in the continent very much connects to its own thinking of resilience. In an over-connected world, there are so many challenges that go far beyond borders. For fighting against the climate change or cyber attacks, the EU needs cooperation. After years of stagnation in enlargement policy and other difficulties with neighbours, it is high time to look for a better future together. The discussions related to enlargement go hand in hand with integration to the single market. Additionally, the EU needs to consider reforms both in terms of EU-institutions and the enlargement policy.

The concepts of resilience, competitiveness, a resourceful approach to EU’s neighbourhood are all pieces of the same puzzle.

Since the Lisbon Treaty entered into force the presidencies are rather perceived as mediators because their agenda-setting power is limited. The policy cycle of the European Commission plays an important role, so does the Council Secretariat. Having said that, the EU’s legislative cycle is approaching to its end, there will be many important files to negotiate. Sweden and Spain will be the last countries that are holding the Presidency before the EU enters into its electoral year in 2024. Institutions will be renewed and top jobs will be up for grabs. So these Presidencies matter.

In addition to business-as-usual agenda shaping of the Council Presidencies, a new reality of being prepared for the unpredictable has become crucial for the EU. The European Union has faced the COVID-19 pandemic and Russian invasion - two crises of immense magnitude – in less than two years. For this reason, there is an urgent need to rethink prediction, preparation, and crisis response capacities. The Swedish Presidency could start a dialogue on that.

Against this background, the following chapters will present specific recommendations for priority fields of intervention, such as supporting Ukraine from economy to security to humanitarian aid, developing defence capability, ensuring the respect of fundamental rights in migration management, and matching energy security with transition.



Energy, Security and Climate: the Challenges of the Century



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The Swedish Presidency will take place at a critical time for EU energy and climate policy. The European Commission has put forward the REPowerEU Plan to accelerate the green transition, in response to the ongoing energy supply crisis. The Swedish Presidency should prioritise the implementation of the plan's main goals: increasing the EU's renewable energy target for 2030 from 40% to 45% of total energy consumption, boosting energy efficiency, scaling up hydrogen production and imports, as well as installing solar photovoltaic capacity on a large scale. On the other hand, the Presidency should carefully scrutinise investments into new fossil fuel infrastructure and ensure that they do not delay the energy transition or lead to carbon lock-in.

Strengthening the EU's global economic competitiveness in the current context is extremely difficult due to high energy prices. In the next 6-12 months the EU could pave the way for better future scenarios. This means accelerating the energy transition while simultaneously ensuring adequate energy supplies and reducing energy imports from abroad. The Swedish Presidency should make sure that Member States coordinate their energy policies, in a spirit of solidarity, and refrain from adopting measures that weaken the economic competitiveness of other Members or hamper the functioning of the internal energy market. The Presidency should also urge Member States to start refilling their gas storage capacity immediately after the winter of 2022-3, and explore options for joint gas procurement.

The ongoing energy crisis is having a strong impact on European society, especially on poorer citizens. This situation calls for a policy response, but subsidising energy bills also means bolstering the revenues of the fossil fuel sector. The Swedish Presidency should ensure that relief measures focus specifically on poorer citizens. Moreover, it should encourage an EU-wide debate on proposals to curb the revenues of national oil, gas and electricity companies, which are reaping huge profits out of the crisis. The Presidency should carefully assess the proposals and positions of Member States on introducing price caps for energy. The impact of such measures very much depends on rapidly evolving market conditions, hence swift assessments and adjustments are key. Furthermore, the Presidency should work towards improving communication between EU Institutions and society on the energy crisis. This is especially important because dissatisfaction is growing and the economic situation is likely to deteriorate further in the next months.

In the long term, EU energy security can only come from domestic resources. Renewables are the only domestic resources that are abundant and compatible with the target of achieving carbon neutrality by 2050. The EU should boost investments in energy storage technologies, such as batteries and hydrogen. Satisfying the EU's energy needs will be easier if demand is reduced. For this, energy savings and improvements in efficiency will be essential. The Swedish Presidency should focus on achieving these goals, and also support neighbours in implementing their green transition. Furthermore, the Presidency should prioritise the security of critical energy infrastructure, which has proved vulnerable in recent months.

EU Defence in Light of Russia's War Against Ukraine: Capabilities First, Autonomy... Possibly Later



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The concept of strategic autonomy was always controversial among EU Member States. In the eyes of those Member States whose primary security concern was always Russia, the notion of an autonomous European defence was simply not credible, as it was not feasible for many years to come. Moreover, the EU never actually took the lead in defending its Member States against the Russian threat; collective defence was and remains mainly the task of NATO. CSDP and more broadly EU defence has focused on the development of EU crisis management capability and defence cooperation, thus being an effort to increase the EU's autonomy in some aspects of its security, but not yet a path to autonomous defence.

Russia's war against Ukraine has underscored the indispensable role of the US in European security and made the limitations of EU defence ever more evident. Both the EU Strategic Compass and NATO's Strategic Concept of 2022 identify Russia as a severe and direct threat to European security. According to NATO's Strategic Concept, "NATO and the EU play complementary, coherent and mutually reinforcing roles in supporting international peace and security". A similar message is delivered by the EU Strategic Concept. NATO has returned to its historical core task of defence and deterrence vis à vis Russia. At the same time the EU has taken on new commitments to strengthen its military and civilian capabilities for addressing different types of crises. It is also making efforts to enhance collaborative capability development among the Member States. Furthermore, the EU has made a significant contribution to military aid to Ukraine, which needs to be continued during the Swedish Presidency.

Apart from the acute threat of Russia, one of the rising common challenges is China: neither the EU nor NATO can avoid paying more attention to the increased assertiveness of China especially in the cyber sphere and technological development. During its Presidency, Sweden will be well placed to further strengthen the EU's efforts to reduce Europe's dependence on Chinese technology and enhance the resilience of its critical infrastructure.

In the coming years, the key question for the EU and its Member States should not be whether to seek more autonomy, but how to strengthen European capabilities that can be utilised by both the EU and NATO. Talk about autonomy does not make Europe more capable to take care of its security as long as the necessary capabilities are lacking. Now that European countries have made serious new commitments to increase their defence spending, the EU has an important role to play in supporting the strengthening of European capabilities in a coordinated manner and stimulating cooperation among Member States. The Swedish Presidency comes at a crucial time in this process and can contribute to the development of EU capability planning so that it is better connected with national and NATO requirements and planning processes and helps to reduce fragmentation.

Member States continue to hold different views as to whether the EU's defence autonomy is a desirable goal or whether it is in Europe's interest to maintain the strongest possible US commitment to European security. However, both camps have a joint interest in making Europe a more capable security actor. Reduced US engagement in Europe is a future possibility that needs to be taken seriously.



Fundamental Rights and Migration



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The upcoming Presidency of the Council will continue to be marked by multiple and complex crises that cut across different policy domains. The consequences of health emergencies, food and energy insecurity, war, and climate change will continue to force people to move. While the number of asylum seekers has been rising in the last few months, with the success of right-wing parties across the EU, national laws on migration and asylum have been made more restrictive and are likely to become even more so. The new Swedish government is no exception in this respect, given its plans to reduce the numbers of asylum seekers allowed in the country in line with the zero-asylum policy piloted by Denmark. In the meantime, appalling reception conditions across Europe and migrants' deaths in the Mediterranean continue to be the norm.

To strike a balanced approach to the protection of migrants' and refugees' rights that is also sensitive to the Member States' concerns about global instability, the Swedish Presidency should work in the following three directions.

Crisis Response

First, the Swedish Presidency should spearhead the efforts to develop a new paradigm to deal with migration and asylum that also takes into account the lessons learned from the response to displacement from Ukraine.

This means that Sweden should continue to pursue issues that have been high on the agenda of the Czech Presidency, including the need to manage Ukraine's post-war recovery, the humanitarian implications of the war, and the sustainability of the long-term inclusion of Ukrainian refugees in the EU.

In its approach, the Presidency should be guided by the legal obligations enshrined in international and EU law. When it comes to protecting those seeking international protection, there must be a clear recognition that Member States will live up to their obligations under the Geneva Convention and related Protocols

Furthermore, Member States should be called upon to intensify their reception capacity, including keeping a buffer capacity, to increase the speed of the asylum procedures, and to improve return and readmission policies with the help of the EU political and financial instruments for cooperation with Third Countries.

Commitment and Compromise

Second, the Swedish Presidency should carry forward the negotiation on the Pact on Migration and Asylum, ensuring access to territory, addressing human rights violations and violent pushbacks at the EU's external borders, and providing lasting, systemic solutions to the unsolved issue of responsibility sharing.

Despite the renewed impetus provided by the activation of the Temporary Protection Directive (TPD), the cleavage between those states who push for mandatory redistribution and those who are reluctant or oppose relocation persists. It is paramount to ensure that the path opened during the French and Czech Presidencies continues and that all Member States take up their responsibility for refugee protection through relocation, material, and financial contributions.

In this respect, the Czech Presidency's proposal of setting a minimum threshold for voluntary contribution should be regarded as a positive step to balance political compromise and the human rights commitments on which the EU project is premised. For this reason, it should be carried into the next semester.

At the same time, the risk of Member States 'buying their way out' of their international obligations should be avoided. To this end, it would be important to set a minimum threshold for contributions in the form of relocation within the voluntary scheme. Additionally, the Presidency could invite the Commission to present the state of the contributions by the Member States under the solidarity mechanism on a monthly basis.

Strategic Thinking

Third, the Presidency and the Member States should also recognize that the inflow of migrants and people seeking protection requires a Council-wide consensus on a long-term strategic approach.

The challenge for the Swedish Presidency will be to promote the elaboration of a long-term strategy for migration and asylum management, beyond the emergency response phase.

The upcoming Presidency should outline the need for a European response to address the impact of demographic trends, labour shortages, food and energy security, and the effects of climate change. The Swedish Presidency could consider organizing a debate in the Council to start a more strategic thinking about the EU's migration and asylum policy, taking into account the 'bigger picture' of global instability. Such a reflection could help shape the agenda for the new European Commission that will start its mandate on 1 November 2024.

In addition, to be successful, this strategic discussion should develop innovative ways to engage with Third Countries, particularly in Africa, and find win-win solutions to the most pressing challenges of our times.

While doing all of this, it should be acknowledged that the views of the public are a decisive factor in creating an environment that allows for humanitarian policies to be implemented. Widespread anti-migrant rhetoric stands in the way of making progress that respects the humanitarian standards of the EU.

The Presidency should ensure that the efforts at the EU and Member State levels to manage migration and protection are communicated clearly. In cooperation with the European Commission, it should develop a communication strategy that provides reliable information about EU achievements and the effectiveness of coordinated solutions in this field.



Supporting Ukraine: Next Steps



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Defence

The Swedish Presidency in close coordination with the High Representative should maintain and develop EU support for Ukraine's defence capabilities in order to ensure Ukraine's victory and to minimize human suffering and economic distraction. Strengthening cooperation and coordination among the Member States and with NATO is the key to making EU support for Ukraine persistent and more efficient. The EU should be as responsive as possible to the Ukrainian Government's requests regarding its needs and priorities. In particular, Air Defence and Ballistic Missile Defence systems can be considered as both an urgent need for Ukraine and a long-time investment into European common air and missile defence capabilities.

The Swedish Presidency should actively initiate/support initiatives by **groups of willing and able Member States** to plan and conduct project of support for Ukraine both within and outside the EU framework.

Economy

Suspending existing barriers to trade between the EU and Ukraine has been among the most significant decisions made by the EU this year in support of the economic development of Ukraine and its integration into the EU Single Market. It is important to foster agreement among the EU Member States to prolong the suspension of trade barriers, possibly until Ukraine joins the EU. Similar steps to remove the remaining discriminatory barriers to the provision of services, movement of labour and capital between the EU and Ukraine should be explored, building on the progress achieved in implementing the Association Agreement. At the same time, financial and technical support to Ukrainian institutions to facilitate the adjustment of its companies, including the ones operating in the agricultural and food sectors, to the EU regulatory norms should be accelerated. Also, the potential enlargement of the EU to include Ukraine and other aspiring Candidate Countries should direct the attention of the Presidency and other EU Institutions to the future reform of the Common Agricultural Policy to make it better focused on providing support which is targeted, just, is in line with other EU priorities, like ensuring level playing field within the Single Market and minimising negative economic side effects, like higher prices for consumers.

Scenarios (models) for reconstruction are to be planned and executed with a double task of addressing needs for peaceful development and risks of the current and future security threats and challenges.

Ukraine's future economic model must have significant military and civil security industrial capacities – self-sufficient and integrated with the European economic space. All the proposals for Ukraine's economic models are to be assessed upon these criteria jointly by the EU and Ukraine. Ukraine's defence industry needs international partners and foreign investments to become a driver of the national economy, not a burden. Political and security risks for potential private investors are considerable and can be mitigated by creating a special insurance fund for securing political and military risks for foreign investments.

Taking into consideration the remaining risks for maritime routes and long-time objectives of Ukraine's European integration, it would be expedient to invest more in extending regional infrastructure projects like Via Carpatia and the Trans-European Transport Network further than Ukraine's western regions.

The Swedish Presidency should facilitate the process of the Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA) as a way not only to eliminate technical barriers to trade between Ukraine and the EU, but also as an instrument of making Ukraine a stronger contributor for the Single European Market.

Refugees and IDPs

The Swedish Presidency should address a number of contradicting and interlinked issues concerning Ukrainian refugees and IDPs. That is to accommodate them where they are temporally settled and encourage them to return to their homes and workplaces. The common goal of the Ukrainian state and the EU is to rebuild Ukraine's economy, but until the majority of refugees – especially highly motivated and skilled professionals – return home, a stable recovery will be difficult to achieve. Given the current situation, Ukraine's economy is likely to fall by up to 40 percent in the 2022 compared to 2021. Thus, for the purpose of post-war reconstruction, it is necessary to support the return of refugees, their reintegration, and employment in the Ukrainian economy.

The EU should step up its humanitarian response during the winter season to prevent further waves of migration due to the changing tactics of Russian military strikes aimed at critical civilian infrastructure.

Although some 30,000 refugees return to Ukraine every day, the Ukrainian government finds it difficult to support their salaries because of a budget deficit of some five billion Euros caused by the war.

There are several ways to stimulate the return of Ukrainians to the homeland:

- Making part of the financial assistance from the EU to refugees available to Ukrainian citizens affected by the conflict, especially those who have lost their jobs.
- Providing funds to the Ukrainian government to create a temporary basic income program for Ukrainian citizens, especially in de-occupied and affected by active combat regions.
- Provide additional resources for the Ukrainian government to hire people for temporary jobs on reconstructions.

