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Abstract: The aim of this paper is to analyze the influence of the Council of the EU on the approval process of the Multiannual Financial Framework 2014–2020. The influence of the Council of the EU is analyzed on the presidency trio countries Poland, Denmark and Cyprus in the period of the second half of 2011 and 2012. The paper analyzes the main agenda of the presidency trio countries and their ideas about a new financial framework draft. On one hand, there was Poland and its ambitious budget and on the other hand, there were Denmark and Cyprus and their austerity budget. The text concludes that the function of the presidential state is to be an intermediary because of expected country’s neutrality during the presidency period not to be the country with important influence. The member states of the EU are capable of realizing their national interests out of the presidency period through the different coalition groups on the basis of their interests. The group of net budget payers is still the most important coalition group in case of the final budget draft.

Keywords: (Liberal intergovernmentalism, Presidency of the Council, Trio presidency: Poland–Denmark–Cyprus, Financial Framework 2014–2020, EU budget, National interest

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1. Introduction

From the point of view of integration theory, there are two basic approaches to the development of European integration. One of them is so called supranational paradigm or supranationalism and the main idea relates with surrendering of national sovereignty of the member states to the political center. The important counterpoint represents the intergovernmental paradigm or intergovernmentalism. In this theory the governments of member states have the main role and they try to get their views and demands through. The national states are convinced that all the interests of individual member states cannot be satisfied on the supranational level.

Supranational and intergovernmental approach can be identified in many areas. One of them is the common budget of the European Union, where these two approaches are met during the approval of the total amount or they are seen in the expense and income structure. Supranational approach is institutionally presented by the Commission and the European Parliament. During the budget approval process these institutions prefer total needs of the European Union. On the contrary, the Council of the EU maintains the intergovernmental approach, through which member countries can present their own national interests and influence the final form of both financial framework and annual budgets. The mentioned institutions involved in the budget approval process are of different opinions, which leads to long and complex negotiations. The economic crisis stressed the difference preferences of the member countries even more. In the context of negotiations on the possible form of the EU there were two different groups of states – a group presenting investment budget to support regrowth and a group presenting an austerity budget, reflecting the economic situation of national budgets.

The process of approving the budget is specific in terms of approving annually individual budgets for the next financial year, and also, seven-year financial perspectives (financial frameworks) are approved. The seven-year financial perspective sets total expenditure ceilings, which determine the funds available for the financing EU policies for the period of seven years. As a result of the economic crisis, cost-saving measure has been reflected in the approval process of annual budgets,
however, a new financial perspective, which could be approved in a pro-reform, but on the contrary, in the form of savings, has been negotiated since mid 2011.

The aim of this paper is to focus on the financial perspective approval period for 2014–2020 and to analyze the impact of the Council of the EU on the final form of the EU budget. The influence of the Council is evaluated from the position of the trio presidency countries – Poland, Denmark and Cyprus – which tried to negotiate an agreement on the final form of the financial framework during the period marked by the economic crisis. The text shows each presidency country's priorities in the agenda of the multiannual financial framework approval and evaluates their own bargaining positions and the presidency role of the Council with the general role of the Council of the EU. The influence of presidency countries is compared also in contrast to some other non-presidency member states.

The theoretical part of the paper deals with the theory of liberal intergovernmentalism, which is briefly connected with the problems of the EU budget. The basic characteristic of the Council of the EU in connection with the creation of interest coalitions of member states is following. The next section describes the activities of individual presidency countries and related negotiations on the financial framework after 2014. The final part especially evaluates the influence of presidency countries of the Council of the EU and also the influence of the other member states on the final draft of the financial framework. Due to advancing of national interests of individual member states meetings of the Council of the EU are considered to be meetings "behind closed doors". It is difficult, if not even impossible, to trace a specific vote of each country member. Because of this fact the following text is based, among other things, on resources based on relevant published articles reflecting the views of leading politicians and eminent persons of the member states of the European Union. The text is based primarily on the description method and follow-up analysis of acquired information related to the theoretical part.

The text deals with the financial framework approval for the years 2014–2020, with long-term budget outlook, not with individual annual budgets. For the purposes of this text, the terms financial framework and budget are used as synonyms unless stated otherwise.

2. The European integration development in the intergovernmentalism theory

2.1 Theoretical basis of intergovernmentalism

Liberal intergovernmental approach is based on the idea of national states as the main actors (intergovernmental approach) and stresses the importance of economic cooperation rather than a common interest of states in cooperation in the field of security (liberal approach). The countries try to press their own interests in integration through international institutions. A common agreement can be reached by states easily and in a relatively shorter period of time than in case of acting alone without representation of these institutions (Fiala et al., 2007). Original ideas of intergovernmentalism theory were introduced by Alan Milward and were followed by today's most famous representative of the liberal intergovernmentalism theory, Andrew Moravcsik.

In his theory Moravcsik (1993) describes the principle of advancing the member states interests in the integration using three fundamental levels. On the first level there is a negotiation between interest groups in the member state. With their preferences, these groups create intra-national interest of the state, which they try to impose on the government level.

The second level consists of intergovernmental negotiations between member states of the integration. In this concept liberal intergovernmentalism is based on the so-called game theory (Kratochvil, 2008). The negotiation between member countries is influenced by available information, which is nowadays considered to be accessible and transparent, and also by the gain arising from the agreement for the state. Moravcsik emphasizes that the more the state wants to reach an agreement in the concrete area, the weaker negotiating position among the other countries the state
has. The explanation is that the state wanting to obtain consent of other states is ready to make larger concessions than the country which does not have a strong opinion in the concrete area.

Lastly, the third phase means cooperation between member states with institutions of integration. Compared to supranational approach institutions are not seen as major element of unification and as government of integration. The institution is primarily used for promotion of the agreements generated at the intergovernmental level and to monitor their implementation (Moravcsik, 1993). Moravcsik (1995) defines the cooperation between states and institutions on the principal-agent relationship, or on so-called principal agent theory. This model explains why the governments of the member states (principals) are willing to delegate power to supranational institutions (agents).

In Moravcsik's theory, the institutions should primarily enhance the credibility of intergovernmental negotiations. They work as an important intermediary between governments and interest groups but also between governments and foreign entities because they oversee compliance and implementation of negotiated agreements and commitments, coordinate the activities of member states. The international institutions can also impose sanctions against states for non-compliance resulting from the commitments and so put it right. An important factor for the use of institutions is also higher efficiency and lower costs on intergovernmental negotiations.

### 2.2 The EU budget in the intergovernmentalism theory

The formation process of European integration as initially based on a supranational approach. The idea of intergovernmentalism first appeared in the 1960s. After initial efforts to create closer cooperation between the member states of the European Communities, concerns of individual states as a result of the transfer of sovereignty to a higher level started to emerge. A country which had demonstratively proved the strength and relevance of member countries in the creating integration process was undoubtedly France under the former President Charles de Gaulle. For example, its influence on the Community confirmed France by vetoing the application of the United Kingdom to the European Communities and then in the so-called period "empty chair policy".

The influence of the member states on the formation of the integration was and still is visible also in the process of the common budget forming. The European Union budget is one of the other areas where the intergovernmental and supranational approaches stand opposite. The clash of intergovernmental and supranational approach can be seen in both the expenditure and revenue budget structure.

In terms of spending policies financed from the budget, one can distinguish between policies that are important for the states and dealt with at the EU level (for example agriculture and cohesion policy), or on the contrary, there are policies not so strategically important for the states. A member state is willing to cooperate in the specific area to some extent at the level of the European Union. Policies delicate from the national interests point of view (such as social, fiscal and defense policy) remain in the full competition of the member states. They are not willing to submit financing and especially oversight of these policies to the supranational community level.

A supranational approach in terms of the structure of income sources may be characterized by such sources of income which are common for the member states based on common activities of the European Union. These sources are today so-called traditional own resources which consist of customs duties on imports from outside the EU and agricultural levies. The share of these sources in the total revenues of the EU budget is minimal. Nowadays there are efforts to reform the revenue sources towards their transparent approach which would result from functioning of the European Union. An agreement on new revenue sources means a very sensitive area with divergent proposals for their future appearance for the member states.

The initial budget of European Communities was used mainly to finance agricultural policy which was important income for the agriculture-based France. Although the structure of today's budget has
significantly altered, especially areas of financing have widened with increasing demands of European integration, the common agricultural policy still remains an important part of the EU budget and it is very sensitive topic in its future reform. British rebate negotiated under the former Prime Minister Margaret Thatcher symbolizes another example of the member states influence on the EU budget development (König et al, 2009). This discount has been present in the system of the EU budget until today, although there are efforts for its cancellation. However, proposals to remove the British rebate while reducing the overall financing of the common agricultural policy are usually in opposition. The discount for UK gradually resulted in another correction mechanism because of financing this rebate by other member states. The states that had already paid the most financial resources into the EU budget refused to fully participate to repay the British rebate. Some of them have been granted exemptions from the otherwise fixed set of rules for income payments to the common budget.

In the current financial perspective for 2014–2020 Germany, the Netherlands, Austria and Sweden pay only 25 % of their original contributions to the British rebate. Besides this there are another correction mechanisms applied, for example, reduced GNI contributions (so-called the fourth source) for the Netherlands, Sweden, Denmark and Austria or reduced VAT call rates for Germany, the Netherlands and Sweden (European Commission, 2014). These examples demonstrate a very strong negotiating position on the above-mentioned member states of the European Union which is reflected in the final form of the common budget. Although the correction mechanisms minimally relieve those countries from higher payments to the budget on one hand, they definitely do not represent budget clarity, transparency and fairness.

On the border between supranationalism and intergovernmentalism there are also questions about the total EU budget amount which means either its increase and the form of the upcoming federal budget or its reduction and vice versa emphasizing the role of national budgets. Another controversial area is the transfer of sovereignty in sensitive national policies and their financing.

3. The role of the Council of the EU in decision-making process on common budget

The Council of the EU, Commission and Parliament belong to the so-called decision-making institutional triangle. The Council of the EU together with Parliament on the base of the Commission proposal approve, change or reject the financial framework or the individual annual budgets. While the Council presents the views of the individual member states and therefore represents an intergovernmental approach, the Parliament's negotiating position is based on a supranational approach and on needs of the European Union as integration.

Approval of the EU budget (Council of the EU, 2008) is seen as a struggle between supranational vision of integration and the interests of individual member countries. The Council of the EU has a unique role in the approval process of financial perspective (or multiannual financial framework) which is a draft for the seven-year period. According to the Treaty on the Functioning of the European Union (TFEU), the Council must approve the Commission proposal by an unanimous decision simultaneously with the majority consent of the Parliament (Article 312 TFEU). In the case of annual budgets approving the Council does not decide unanimously any more, while the Parliament has the same deciding importance. If there was a situation that a new budget would not be agreed before the beginning of the financial year, there is a so-called budget provisional arrangement. This allows managing in the following year "without a budget" only with the twelfths of the financial appropriations entered in the chapter last year, while at the same time it must not exceed one twelfth of the chapter of the draft budget (Article 315 TFEU).

Member state’s interests are presented in the Council within the emerging coalitions which the states shape according to similar interest positions. These coalitions are formed, for example, also due to qualified majority voting because of the need for the states to agree together which is increasingly
difficult with a growing number of the EU members.Coalitions between the states are usually temporary until they enforce their interests although a regular cooperation between certain countries (Hösli, 1999) is possible, too. Promotion of national interests is affected by information asymmetry due to the long chain of delegation where the views of interest groups come through national governments at the EU level through specific ministries and ministers (Milkin, 2008). The representation of national, primarily economic interests can sometimes be different than ideological interests of the country represented in the Council of Ministers. Another problematic aspect of the decision is that although the national interests are mutually known in negotiations in the Council of the EU, generally, it is very difficult for other people out of these negotiations to obtain information about individual promoted national interests, primarily due to the Council's discussions "behind closed doors".

In their study, Kauppi and Widgrén (2004) point out two basic views on the allocation of financial appropriations from the common EU budget. The first view refers to actual needs of the member state. This means that the size of the financial appropriations obtained from the EU budget depends primarily on agricultural advancement of the member state and on the regional policy level. This happens because of the largest financing of these two areas from which is reallocated mostly of financial appropriations from the EU budget. The second view, a so-called look of power, presents an ability of Ministers of the member countries to get for their state as many financial appropriations as possible. The authors of the study conclude that the overall distribution of funds between the member states can be attributed to 60 % of selfish power politics of the member countries, while 40 % comes from the solidarity approach of the countries. Kauppi and Widgrén emphasize that if there is a cooperation between the countries involved in voting, for example in the form of a coalition, up to 90 % of the EU budget reallocation among the member countries can be explain by the power politics.

The classification of coalitions can be different. For the purpose of examining the role of the Council in the process of shaping the European Union's budget, a division of coalitions based on the model "integration-independence" and model "north-south" can be used (Tunkrová et al., 2009). The first model, the "integration-independence", defines formed coalitions in the Council of the EU on the basis of whether the member states identify with the intergovernmental concept more or the supranational concept. Therefore, it depends on whether the projected position of the member states moves the European legislation away from or contrary towards the deeper integration. The second model, the "north-south", is the most common explanation for why the states form coalitions. These can be formed on the basis of country cultural similarities, geographic location or based on previous cooperation. It is very common to divide countries into net payers (simply speaking north countries) and net beneficiaries (southern countries). Just the result of redistribution of financial appropriations from the common EU budget has an impact on states cooperation. Within these groups, for example, the countries might be further divided into countries raising financial appropriations primarily from cohesion policy (southern states) or countries seeking more funding for science and research, energy and environment (northern states).

Individual member states can promote their views both in the Council of the EU and also in the context of their own presidency. The six-month presidency of the state means a management position at all levels of the Council. The presidency country always cooperates with two other presidency countries within the group. Although each country has its own program of priorities, it needs to be corrected in the context of the trio of Presidencies.

Tunkrová specifies a different position of the presidency country of the EU Council in relation to other member states. She claims that the presidency country's influence on decision making in the European Union is less significant because of necessary neutrality which the country holds in negotiations, so it cannot promote national interests. Also the six-month period is not too long to
promote self-interest in the form of legislation. On the contrary, Thomson (2008) argues that the influence of the presidency country on creation of legislation is increasing but it depends in which period the state Council presides. A presidency member state has the opportunity to press its national interests in case the final draft is approved under its presidency, not at the time when the negotiation is in progress.

4. The presidency trio Poland – Denmark – Cyprus and their influence on the new financial framework

An eighteen-month program of cooperation between the three countries meeting within the Council of the EU from 1 July 2011 to 31 December 2012 was approved by the General Affairs Council on 21 June 2011 (Cyprus EU Presidency, 2012). The program of the trio presidency was marked by the financial and economic crisis from which also reflected proposed priorities of the countries. These were defined as unemployment solution, long-term sustainable economic growth ensuring, competitiveness increase, better coordination and cooperation between the individual member economies.

One of the key activities in this period was the new financial framework negotiation. The draft of financial framework for 2014–2020 presented Commission in June 2011 (Council of the EU, 2011). The new financial framework dealt with consequences of the economic crisis. It was supposed to continue in already existing and planned strategies (e.g. Europe 2020) but also to respond to newly emerging needs and challenges. They were, for example, reflected by the discussion about new own revenue resources.

4.1 The Polish presidency - a path to an ambitious budget

The main objectives of the six-month Polish presidency included efforts to emerge from the current crisis. The help was seen, among others, especially in ambitious EU budget for the years of 2014–2020 (Ministry of Foreign Affairs of the Republic of Poland, 2012). The ideology of the Polish presidency was to secure re-competitiveness of the EU, which could not be achieved by reducing expenses from the common budget. Specific areas of interest became agricultural and cohesion policy which is financially very important for Poland as well as other "poorer" countries of the EU.

The Polish presidency of the Council of the EU in the period marked by economic crisis was considered to be quite exceptional and unique for the reason that the European Union has led the country which was basically not affected by recession and showed positive economic growth. Financing from the EU budget in recent years has been considered to be the main reason for its economic success. A key area of financing is just cohesion policy of which Poland is the biggest beneficiary from the budget. Thanks to this positive experience with drawing funds from the EU budget, Poland supported the idea of financing a larger share of spending from the common EU budget. Thus Poland supported the initial Commission proposal from June 2011 which was equal to 1,05 % GNI of the EU (1025 bn. euro). The original Commission proposal counted for Poland of around 80 bn. euro which should be aimed at infrastructure projects, scientific research and reducing unemployment (BBC Monitoring European, 2012). Therefore, it is not surprising that the Polish stance was strongly oriented on generous cohesion policy. Together with the so-called friends of cohesion they attempted to defend the reduction of funds flowing into this area. Poland also sympathized with the European Parliament proposals calling for increasing the overall size of the seven-year budget to the 1,11 % GNI of the EU. The Polish proposal itself was even more ambitious; the total amount of the budget was not been set below 1,13 % GNI of the EU (De Corte et al., 2012).

Negotiations about a new financial framework began precisely with the beginning of the Polish presidency which led to a relatively successful negotiation in this area. It is evaluated on the basis of the discussion about the original Commission proposal which was not rejected during the Polish
presidency and net contributors to the budget were willing to discuss it. The Polish presidency has thus become a successful broker of discussions among the states which wanted to reduce the budget and which did not. Discussion about the significance of cohesion policy which has been in effect supported by many member states was also seen as the success of the Polish presidency. The member states supporting a generous cohesion policy presented the member states which simultaneously wanted to maintain the overall volume of financial appropriations in the common budget. On the other hand, expected proposals which wanted to reduce overall financial appropriations in the common budget appeared. This position was represented by the largest contributors to the EU budget (Ministry of Foreign Affairs of the Republic of Poland, 2012). During the Polish presidency the net payers attempt to assert the budget austerity budget failed and there was still the original Commission proposal which favored generous cohesion policy (BBC Monitoring European, 2011). Among other things, most states agreed on the positive attitude to remove all correction mechanisms and to necessary reform of the revenue resources. In this area was discussed about the financial transaction tax and a new VAT resource. Discussion about new revenue resources did not produce clear results. The final debate about the financial framework was summarized by the Polish presidency for very satisfactory, leading to a detailed discussion of budget issues. However, reaching an agreement on the future financial framework was not fully the main objective of the Polish presidency because a final agreement should be negotiated before the end of the second half of 2012 under the Cypriot presidency (Lehtonen, 2011).

4.2 The Danish vision of the financial framework in the context of "green and sustainable" growth

The Danish presidency defined the agenda relating to the multiannual financial framework approval as one of the most important issues of the presidency. The main goal in this area should be preparing for concluding negotiations on the final budget form. During the six-month presidency the Danish main task was to stimulate a discussion among the member states about the final shape and lead the negotiations as close to an agreement as possible (Ministry of Foreign Affairs of Denmark, 2012). The Governments of member states of the EU have been asked to provide an opinion in two areas. Attention was focused both on priority programs and policies, and on the opinion of the original financial framework proposal presented by the Commission (EIU ViewsWire, 2012).

The Danish presidency document stressed the different approach of the new financial framework due to the changed economic situation in the member countries of the EU compared to the previous concept of financial perspectives for 2007–2013. The Danish presidency characterized the idea of the new financial framework from the economical point of view. The new budget should reflect the need of public finances consolidation in the member countries of the EU. At the same time, it should support the growth and jobs with an emphasis on the efficient functioning of EU funds and on economies of scale (Ministry of Foreign Affairs of Denmark, 2012b). It was emphasized that austerity financial framework should not be established only on the basis of reduction in total expenditure but on the current responsibility of active job creation and overall economic growth. Danish Minister for European Affairs Nicolai Wammen stated that Denmark favors the removal of all correction mechanisms. Otherwise, Denmark was ready to seek a reduction from the financial appropriation given to the EU budget because of its net contributor budgetary position (BBC Monitoring European, 2012b). However, during its own presidency Denmark did not promote this idea actively.

The discussion should focus on the reform of the common agricultural policy, cohesion policy or research and development (Ministry of Foreign Affairs of Denmark, 2012). National interests of Denmark were fixed to the so-called "green and sustainable" growth where agricultural policy and energy with renewable resources dominance were placed, as well as other policies regarding traffic,
climate, environment and IT technology (Noble, 2012). An arrangement of the common agricultural policy reform was introduced in connection with the above mentioned policies, thereby de facto common agricultural policy was extended on related policies. Due to this situation the reform of agricultural policy seemed to be far more complex and a decision on its final form more complicated.

Another agenda related to the discussion about new revenue resources, namely on a financial transactions tax. Germany, France, and also Denmark expressed their positive opinion for its implementation. Against its introduction were, for example, Sweden or the United Kingdom because of the threat to its own financial services sector (Xinhua News Agency, 2012). However, this agenda was abandoned during the Danish presidency because it was not possible to reach an unanimous opinion of the member states on the issue (Xinhua News Agency, 2012b).

The conclusions of the Danish presidency prepared the initial documents with proposals for a new financial framework but without concrete figures. Partial agreements leading to further negotiations were achieved in the field of science and research, program Erasmus, cohesion policy and the common agricultural policy. The Danish presidency reached an agreement there with the Commission with some effective instruments in the field of environment and greater flexibility in the rural programs. (Ministry of Foreign Affairs of Denmark, 2012c).

4.3 The efforts to finalize the financial framework draft during the Cyprus presidency

Cyprus continued in the programs of previous presidencies in the second half of 2012. According to the Cypriot presidency, the main task of the financial framework should be to contribute to the growth and sustainable development, boost the policies effectiveness, increase the EU competitiveness and create more jobs. The result of member states negotiations should be to achieve a balanced, efficient and fair financial framework (Cyprus EU Presidency Secretariat, 2012). Cyprus presidency emphasized the necessary solidarity between the member states in the negotiations leading to the creation of the effective EU budget.

In the area of policies, an emphasis was put on real added value in the context of ensuring better coordination of European policies with national policies. It related mainly with the common agricultural policy, research and innovation and cohesion policy. Cohesion policy became a major point of the Cypriot presidency. The timely conclusion of the negotiations was crucial for the smooth implementation of the new programs for the period of 2014–2020. Agricultural policy agenda was marked by the previous presidency, dealt with the context of other related policies. Attention was also paid to fishing, energy or transport policy. From the previous agenda Cyprus took over the issue of the own resources system in order to establish a fair, simple and transparent system that would allow funding the new multiannual financial framework. (Cyprus EU Presidency Secretariat, 2012b).

Efforts to reach an agreement during the Cypriot presidency escalated with the end of 2012. The Commission pointed out that its proposal was based on the year 2013 taking the inflation in account and did not recommend excessive cuts that would certainly not lead to the creation of effective crisis-fighting budget (BBC Monitoring European, 2012c). In October 2012, Cyprus concurred with the view of of net contributors to the budget, i.e. necessary reduction of the initial financial appropriation ceilings presented in the Commission proposal, at least 50 bn. euro. Due to the high cuts, especially in cohesion policy, research and development and infrastructure while maintaining spending on the common agricultural policy, the Cypriot proposal was rejected by the Commission, the European Parliament, as well as some member countries (Christou, 2013). Sweden due to the structure of the budget cuts called Cypriot budget draft as "budget from the 1950s" (Oxford Analytica, 2012). However, there were also opinions of the states, such as the UK, Sweden or Denmark, which demanded far greater cuts compared to the Cypriot proposal, otherwise they threatened to veto the budget (BBC Monitoring European, 2012d).
Although the discussions continued further, an agreement failed to achieve by the end of 2012. The final agreement was negotiated in February 2013 with an important mediating role of the European Council President Herman Van Rompuy (Christou, 2013).

5. Discussion on the trio presidency influence and other member states on the final draft of the financial framework after 2014

From the comparison of the above mentioned priorities of three presidencies is clear that Denmark together with Cyprus represented a budget reflecting the current economic situation of the EU member countries. They join the countries that perceive the EU budget rather as an additional source for their own national budgets. Poland, on the contrary, sided with the states which were for a generous budget which should help the member states to fight the economic crisis. Poland’s position supporting the Commission’s and the European Parliament’s proposals shows efforts towards European integration deepening with the help of a stronger common budget and thus to strengthen the supranational approach to the EU budget.

If we were to summarize the specific role of the presidency in terms of contributing to the final financial framework agreement, their roles were quite different in connection with the shrinking time horizon which remained in the expected agreement. Poland tried to negotiate with the member states to determine their different positions of opinion. The Danish presidency was not so much success because of the lack of specific proposals or the failure to achieve substantial progress since the Polish presidency agenda. The Cypriot presidency presented a new financial framework by specific proposals with figures but a final agreement before the end of the year 2012 was also not reached. The new financial framework was adopted during the next, Irish presidency. A significant role was attributed to the President of the European Council that convinced for final agreement especially the UK which held far more economical austerity budget (Kölling, Leal Serrano, 2014). In this case of trio presidency it emerged that the task of the presidency country is rather to correct various meetings and gather opinions on the issue. The final impact on the final agreement did not have the presidency but higher representative of the European Union which was in this case a steady and long-term president of the European Council. Also, an idea was proven true that the presidency country is unable to influence proposed legislation during its presidency time unless it is approved directly under its own presidency.

In terms of presidency, there is often mentioned dilemma of presidency country with the promotion of its national interests in contrast with the interests of the EU as integration. We can positively evaluate the efforts of member states to influence the shape of financial framework towards investment character leading to economic regrowth. This was seen both in the idea of increased financial appropriation in the EU budget and in the idea of austerity budget with more effective implementation of policies. The presidency countries over their own governance rather promoted the common interests of integration and maintained to a neutral position.

On the contrary, from the perspective of the presidency countries one can also speak about satisfying national interests, which were considerable especially from the Poland’s point of view which tried to enforce them after own presidency. Poland, as the largest recipient of financial appropriations under cohesion policy from financial framework in the period 2007–2013, logically disagreed with the reduction of total expenses (European Commission, 2014b). Poland’s first negative reaction took place in the context of lower draft of seven-year budget for the next presidencies. The Cypriot proposal should mean for Poland lost about 4,3 bn. euro. In the final draft of the financial framework, 73 bn. euro from the original 80 bn. euro was finally promised to Poland for cohesion policy. Although there was a financial reduction compared to the original Commission proposal, Poland still remains the largest recipient of financial appropriations from the cohesion policy. Compared to the previous seven-year financial period, the cohesion policy area achieved an increase
of 5 bn. euro (Kölling, Leal Serrano, 2014). Denmark managed to negotiate a discount on the total income discharged to the common budget which also discussed during its own presidency but did not pursue it actively. Overall, Denmark will receive annual gross reduction of GNI contribution of 130 mil. euro. Cyprus negotiation achieved a change from a position of net payers to the position of net beneficiaries for 2014–2020 budget period, due to the financial appropriations resulting from the cohesion policy and agricultural policy (Cyprus Profile, 2013).

All the presidency countries tried effectively to reach the final financial framework draft but the fundamental changes were not achieved. Eighteen-month presidency is definitely a short time horizon when complex agenda, such as the removal of all correction mechanisms or discussion about new sources of revenue cannot be achieved although there were affirmative opinions in these areas. The expenditure policies stayed in the same form without any progress. The main discussion was based on the overall size of resulting financial perspective and on the size of expenditures to common agricultural policy, cohesion policy and competitiveness.

Regarding the negotiating positions of other member states can be divided into two large groups. The first one is called “Friends of Cohesion”\(^1\), countries which derive financial appropriations particularly from cohesion policy. These countries were not interested in reducing overall ceiling of financial appropriations and thus they supported the original Commission proposal. Poland was very significant country in this group. The second group, called “Friends of Better Spending”\(^2\), consists of countries with an interest in adapting the EU budget to economic situation and to the national budgets situation. These countries are most net contributors to the EU budget a together with Denmark took a negative position regarding the increase in the overall financial appropriations. Furthermore, there are countries out of these two groups\(^3\) (Dhéret et al., 2012).

Yet in 2011, some member states (Germany, United Kingdom, France, Finland, the Netherlands, Sweden and Austria) agreed that the Commission proposal is too high and asked for a reduction of the original proposal by about 10 \%, so about 100 bn. euro (CPMR , 2012). Under the Cypriot presidency the different positions of the member states to reduce and increase the overall financial framework diverged greatly which resulted in failure to reach agreement by the end of 2012.

The net contributors have a very strong word in the issue of shaping the final draft of the financial framework (as well as individual annual budgets) which was also reflected in the final adopted seven-year financial perspective draft. Compared to the original Commission proposal of June 2011 in the amount of 1025 bn. euro in appropriations for commitments (revised in July 2012 due to the accession of Croatia to the EU on 1033 bn. euro) was the final draft of the financial framework adopted by the Council with the assistance of European Council President in February 2013 in the amount of 960 bn. euro. The ceiling on total expenditures was reduced by 3,4 \% in commitment appropriations compared to the financial framework for the years of 2007–2013 (Krutilek, 2015).

From the mentioned above one may see that the presidency trio successfully helped contribute to a final agreement on the financial framework during the economic crisis but their role in the outcome does not seem to be so important. The presidency states had different opinions on the final shape of the financial framework but they were able to pursue the agenda at the European level during the presidency while at the end of the presidency the member states fully defended their national interests. From this perspective, one may evaluate the impact of the position of presidency countries in their own presidency period in the Council rather weaker due to its expected neutral position.

It is also obvious that during budget negotiations the member states do not want to abandon their national interests and also that the member states create coalitions according to their net positions

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\(^1\)Bulgaria, the Czech Republic, Estonia, Croatia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, Slovenia, Spain

\(^2\)Austria, Finland, France, Germany, the Netherlands, Italy, Sweden, United Kingdom

\(^3\)Belgium, Cyprus, Denmark, Ireland, Luxembourg
which means net payers to the budget and net recipients from the budget, based on the coalition division "north-south" mentioned above. The net contributors to the budget have the main decision-making power, therefore the countries promoting effective and efficient financing at the time of the crisis. Net beneficiaries presenting generous cohesion policy but also agricultural policy do not have so much decision-making power in a result which is quite interesting when the final draft of the financial framework should be adopted by the Council unanimously. In addition to the emerging coalitions on the basis of member states similarity one may observe the emergence of coalitions "integration-independence" which also basically consist of net receivers and net payers. It seems that there is an opinion escalation of group of countries in the consequence of economic crisis. One group stands for an ambitious budget to support the deepening of integration and the other group which prefer austerity budget.

The influential position of net payers to the formation of the financial perspective reflects the future direction of the common budget. The EU budget is due to the strong influence of the member states increasingly perceived as rather a complementary resource based on an intergovernmental approach but not as an instrument leading to deeper economic and political integration.

6. Conclusion

The Council of the EU is a very important institutional body through which member states can promote their national interests. They interfere in the process of approving a common EU budget that is for some member states in terms of financial resources an important source of economic growth and overall prosperity. The influence of the member states on the final form of the financial framework is also reflected in the overall perception of the common budget which can tend either to the supranational character in the form of tighter financial cooperation, or to the intergovernmental character when the EU budget is perceived rather as a complementary source for national budgets of member states.

The issue of approval of the long-term financial frameworks is generally very closely observed and it symbolizes fairly long meetings with no final agreement until the last moment. In a period marked by the economic crisis it was therefore still far more difficult to reach a common agreement. The countries which presided the Council of the EU had an important role of intermediaries between disparate opinions of the member states on the final form of the EU budget. Individual countries had very different ideas of the EU budget form. While Poland favored a generous budget with generous cohesion policy, Denmark and Cyprus promoted an austerity budget. The reform agenda of the new budget included a variety of areas but most of the attention was paid to solving cohesion policy financing, common agricultural policy or research and development, therefore, to the most funded policies from the general budget.

The role of presidency countries have proven to be for individual countries rather weakening because of the expected holding a neutral position in negotiation. On the contrary, all countries fully promoted its national interests after own presidency mandate. More or less it can be stated that the negotiating position of presidency country was stronger outside the presidential mandate, and specifically during the period of final proposals approving. Presidency of the Council does not have a deeper meaning for the presidency state, the country can assert its national interests more effectively as a regular member of the Council of the EU.

This opinion was confirmed with regard to the views of other EU member states which have profiled in the group of net contributors and net recipients as well in groups of “Friends of Better Spending” and “Friends of Cohesion”. The economic crisis has highlighted more differences between these two groups. Although there are different coalitions between the countries in the EU budget negotiations, the most important is the one formed by net contributors. This group of countries firmly stands behind its opinion and scenarios threatened to the proposal veto in breach of their conditions.
and very often. In this case it does not apply that the state interested in concrete agenda is willing to make concessions only to reach an agreement. The countries with a weaker negotiating position have to give in. The final new financial framework draft primarily reflects the power politics of countries, in this case the power of net payers into the budget.

Although the presidency states were able to negotiate agreements in specific spending areas, the overall agreement on the final budget form was the result of a compromise between net contributors and the net beneficiaries. On the other hand, the presidency was perceived as very strong during the financial framework approval. Denmark and Cyprus were among the countries presenting an austerity budget which finally managed to get through. Although Poland took the opposite view, its position was also very strong in terms of the largest recipients from the cohesion policy funds.

In conclusion, the Council of the EU has a very significant influence in shaping the common budget which was further emphasized during the economic crisis. If we compare a member state influence from position of the Council itself and in terms of the presidency of the Council, the member state has more influence on the agenda of approving the EU budget rather if it is not a presidency state. However, this does not mean that the presidency state cannot promote their own national interests in the final draft of the financial framework. The own interests are for the EU member states in the context of the economic crisis more important than ever which means making permanent reduction and underestimating of EU budget importance.

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