



# The European Union: Leadership Changes Resulting from the Lisbon Treaty

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## Summary

Changes introduced by the Lisbon Treaty, the European Union's (EU's) reform treaty that took effect on December 1, 2009, have a significant impact on EU governance. The EU is an important partner or interlocutor of the United States in a large number of issues, but the complicated institutional dynamics of the EU can be difficult to navigate.

The Lisbon Treaty makes substantial modifications in the leadership of the EU, especially with regard to the European Council, the Council of Ministers, and the EU's rotating presidency. Every six months, the "EU Presidency" rotates among the 27 member states. Under the treaty, however, the leader of the presidency country no longer serves as the temporary chair and spokesman of the European Council, the grouping of the EU's 27 national leaders. This duty now belongs to the newly created President of the European Council, who serves a once-renewable two-and-a-half-year term.

In addition, the foreign minister of the presidency country no longer chairs the meetings of EU foreign ministers in the Council of the EU (commonly known as the Council of Ministers). This duty is now performed by the High Representative for Foreign Affairs and Security Policy, another newly created position whose holder serves a five-year term and is both an agent of the Council of Ministers and a Vice President of the European Commission. Many of the day-to-day duties of the rotating presidency country, however, will continue under the Lisbon Treaty.

Ministers of the presidency country will still chair all of the meetings of the Council of Ministers other than in the area of foreign policy. The presidency country is expected to continue preparing and arranging these activities, and playing a leading role in the Council of Ministers to forge agreement on legislative proposals. The presidency country is also expected to help formulate a few broad policy priorities for its tenure. The EU remains in an extended phase of institutional transition as the new arrangements of the Lisbon Treaty are implemented, and the rotating presidency country is expected to support the development of the new institutions and positions. Hungary holds the rotating presidency for the first half of 2011, and Poland will hold it for the second half of the year. Spain and Belgium held the rotating presidency in 2010.

EU foreign policy decisions of a political or security-related nature require unanimous intergovernmental agreement among the 27 member states. In many other issues which may relate to external affairs, however, EU members have agreed to pool their decision-making sovereignty. A number of additional EU actors often have particular relevance in these matters. The President of the European Commission represents the EU externally on issues that are managed by the Commission, including many economic, trade, and environmental issues. Many of the issues in which the European Parliament acts as a "co-legislator," such as trade and data protection, relate to external affairs. Some observers also suggest that the Parliament has become an increasingly important forum for debating international issues.

Changes in the structure of EU governance may be of interest to the 112<sup>th</sup> Congress. For more information, also see CRS Report RS21372, *The European Union: Questions and Answers*, by Kristin Archick and Derek E. Mix and CRS Report RS21618, *The European Union's Reform Process: The Lisbon Treaty*, by Kristin Archick and Derek E. Mix.

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## **The United States and the European Union**

The European Union (EU) is an important partner or interlocutor of the United States on a large number of global political and economic issues.<sup>1</sup> The EU is also a complex, multi-layered entity whose structure and institutional dynamics are not always clearly understood in Washington, DC (or in Europe, for that matter).

Some Members of the U.S. Congress and other U.S. officials regularly meet with their counterparts from EU institutions and national governments of EU member countries. Just as many Europeans are admittedly unclear about the role of the Congress in U.S. foreign policy, Americans often express confusion about the exact role of a particular EU official or institution, or about how EU institutions relate to one another. Take, for example, the term “president”: in the EU today, there is a President of the European Council, a President of the European Commission, a President of the European Parliament, and a rotating country presidency of the EU that has a corresponding national president or prime minister. U.S. officials dealing with the European Union may still wonder, “who should we be talking to?” or even “who am I talking to?”

To complicate matters further, the EU is also an entity whose institutional arrangements and governance structure remain in a state of evolution following the entrance into force of the Lisbon Treaty, the EU’s latest institutional reform effort. In early 2010, President Obama announced that he was not planning to attend the U.S.-EU Summit that was expected to be held in late May 2010 in Madrid, Spain. The U.S. State Department indicated at the time that confusion caused by changes to the EU’s leadership and governance arrangements resulting from the Lisbon Treaty had contributed to the decision.<sup>2</sup>

This episode reflected a wider lack of clarity in the United States about the implications of the Lisbon Treaty on EU leadership, and in particular on the status of the EU’s “rotating presidency,” the role of the EU’s new “permanent president,” and the role of other EU actors involved in representing the European Union on the world stage.

## **The Lisbon Treaty and Key EU Leadership Changes**

On December 1, 2009, following a lengthy process of ratification by each of the 27 member states, the EU adopted the Lisbon Treaty. The treaty introduces reforms intended to remedy perceived shortcomings in the EU’s institutional arrangements and decision-making procedures—it aims to create a more cohesive and coherent EU capable of assuming a stronger global role; to streamline EU decision-making; and to increase transparency and democratic accountability.<sup>3</sup>

Changes introduced by the Lisbon Treaty have a significant impact on the leadership of the European Council, the Council of Ministers, and the EU’s rotating presidency system.

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<sup>1</sup> See, for example, CRS Report RS22163, *The United States and Europe: Current Issues*, by Derek E. Mix.

<sup>2</sup> Andrew Rettman, “US blames Lisbon Treaty for EU summit fiasco,” *EU Observer*, February 3, 2010, <http://euobserver.com/18/29398>.

<sup>3</sup> For an overview of the Lisbon Treaty and the changes made by the treaty, see CRS Report RS21618, *The European Union’s Reform Process: The Lisbon Treaty*, by Kristin Archick and Derek E. Mix.

## Differences Between the European Council and the Council of Ministers

The European Council and the Council of Ministers are two separate but related institutions of the European Union. The similar names of these entities frequently lead to confusion. The official name of the Council of Ministers is the Council of the European Union; it is often referred to as “the Council.”

The European Council consists of the leaders (the heads of state and/or government) of the 27 EU member states plus the President of the European Commission.<sup>4</sup> The European Council meets at least four times per year—its meetings are commonly termed “EU summits.” The European Council does not adopt legislation or legal texts: the conclusions published after each meeting define general political guidelines for the EU. The institution provides high-level political direction for EU policy-making and a forum for working out consensus on difficult problems and broad strategic issues.

The Council of Ministers is the main decision-making body of the EU: it enacts legislation, usually based on proposals put forward by the European Commission. A minister from each member country takes part in Council meetings, with participation configured according to the subject under consideration (e.g., foreign ministers would meet to discuss the Middle East, agriculture ministers to discuss farm subsidies). There are currently 10 different configurations under which the Council of Ministers meets.<sup>5</sup> Most decisions are made by a formula of Qualified Majority Voting (QMV), but some areas—such as foreign and defense policy or accepting new members—require unanimity. Many Council decisions also require the joint consent of the European Parliament.

## The Rotating Presidency

Every six months—on January 1 and July 1 of each year—the “EU Presidency” rotates among the member states. The presidency rotates in a pre-determined order designed to alternate between big and small countries, and between older and newer members.

Prior to the adoption of the Lisbon Treaty, the rotating presidency applied to both the European Council and the Council of Ministers. The leader of the presidency country chaired the European Council for six months, seeking to forge political consensus and shape the EU agenda. He or she also assumed an enhanced role in representing the EU externally, alongside the President of the Commission and the High Representative for the Common Foreign and Security Policy. At the same time, ministers of the presidency country would chair the meetings of the Council of Ministers, leading in the meetings and configurations relevant to their portfolio.

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<sup>4</sup> For an overview of the main institutions of the European Union, including the European Commission, see CRS Report RS21372, *The European Union: Questions and Answers*, by Kristin Archick and Derek E. Mix.

<sup>5</sup> The ten configurations of the Council of Ministers are General Affairs; Foreign Affairs; Economic and Financial Affairs; Justice and Home Affairs; Employment, Social Policy, Health, and Consumer Affairs; Competitiveness; Transport, Telecommunications, and Energy; Agriculture and Fisheries; Environment; and Education, Youth and Culture.

During the debate over ratification, it was widely repeated that the Lisbon Treaty would “replace” the EU’s rotating presidency system with the creation of a new, permanent “EU President.” In fact, this assertion grew to become a fairly common misconception. The rotating presidency system continues in a modified format.

The treaty creates the new position of President of the European Council, who replaces the leader of the presidency country in that role. Meanwhile, the rotating country presidency retains considerable responsibility in managing the work of the Council of Ministers, and continues to have an important role in helping to set priorities for the EU agenda.

## Changes Regarding the European Council

As noted above, the Lisbon Treaty creates the new position of President of the European Council to chair the meetings of the 27 EU heads of state or government. The President is elected by the member states for a term of two-and-a-half years, renewable once.

Some had envisioned this position as a driver of EU policy, a heavyweight presidential figure who would command a high degree of international visibility. In choosing former Belgian Prime Minister Herman Van Rompuy, however, EU leaders have initially defined this position as more of a manager who will coordinate the activities of the Council, help ensure policy continuity, and work to facilitate consensus. According to some analysts, the choice of Van Rompuy confirms that even as its members pursue a stronger and more integrated EU, considerations of national influence and prestige remain key: leaders from both large and small countries sought to avoid establishing a powerful President who might overshadow or marginalize their own roles.

Former Belgian Prime Minister **Herman Van Rompuy** is the newly created **President of the European Council**. He serves a two-and-a-half-year term, renewable once.

Former Trade Commissioner **Catherine Ashton** (UK) is the EU’s new **High Representative of the Union for Foreign Affairs and Security Policy**. She serves a renewable five-year term.

Nevertheless, the intention of the treaty is that Von Rompuy is now expected to represent the EU externally as its spokesman on political issues and as the main EU interlocutor for foreign leaders at international summits. Van Rompuy is not a well-known international statesman, and will have to work hard at it if he is to gain visibility on the global stage.

## Changes and Continuities Regarding the Council of Ministers

The Lisbon Treaty also creates another important new position to boost the EU’s international visibility: High Representative of the Union for Foreign Affairs and Security Policy, which some observers have labeled “EU foreign minister.” Former EU Trade Commissioner Catherine Ashton was appointed for the first five-year term of this new position. Some were surprised at this choice, citing Ashton’s relative lack of foreign policy experience.

Ashton is now the EU’s chief diplomat, exercising the former responsibilities of the Council of Ministers’ High Representative for the Common Foreign and Security Policy (formerly Javier Solana) and the Commissioner for External Relations (formerly Benita Ferrero-Waldner), who oversaw the EU’s foreign aid and development policies. The new High Representative is therefore be an agent of the Council of Ministers and holds the title of a Vice President of the

European Commission, an institutional adjustment intended to impart greater coherence by marrying the EU's political and economic clout in one powerful new office. The High Representative is to have extensive staff support with the creation of a new EU diplomatic corps called the European External Action Service.

Within the Council of Ministers, Ashton, rather than the foreign minister of the presidency country, now chairs the meetings of the member state foreign ministers that are held under the Foreign Affairs configuration. The other nine configurations are to continue to be chaired by the relevant ministers of the rotating country presidency. The General Affairs configuration—which considers “general policy questions” and works to ensure continuity in the overall work of the Council—is chaired by the foreign minister of the rotating country presidency. Prior to the Lisbon Treaty, General Affairs and External Relations had been combined in one Council configuration.

## **Role and Responsibilities of the Rotating Presidency Country**

Many of the day-to-day duties of the presidency country continue as before the Lisbon Treaty. The presidency country is expected to work with the new President of the European Council to help prepare and arrange EU summits and summits between the EU and other countries. It is expected to continue preparing, arranging, and chairing the meetings of the Council of Ministers, other than in the Foreign Affairs configuration. This responsibility includes working in the Council of Ministers to forge agreement on legislative proposals.

The presidency country is also expected to continue setting out a few broad policy priorities for its tenure. In the past, such priorities have often been coupled with the launch of strategic initiatives that have covered a wide range of topics such as international security and development issues, economic and trade matters, judicial affairs, social policy, and issues specific to particular regions such as the Mediterranean, the Baltic, or the EU's eastern neighbors.

Advocates of the Lisbon Treaty express hope that the new arrangements will have a considerable impact in this context. The President of the European Council is charged with ensuring greater continuity, coherence, and consistency in EU policies. In the past, analysts have asserted that the rotating presidency system made the EU too susceptible to frequent shifts in focus, as successive presidencies chose to emphasize their own preferred initiatives and priorities. Van Rompuy is to impart a longer-term view as he works with the presidency countries to set and manage the EU agenda. Renewed emphasis has also been placed on the “troika” concept, in which three consecutive rotating presidencies coordinate priorities in an 18-month program.

**Table I. Schedule of Rotating EU Presidencies**

<b>2010</b>	<b>Spain</b>
	<b>Belgium</b>
<b>2011</b>	<b>Hungary</b>
	<b>Poland</b>
<b>2012</b>	<b>Denmark</b>
	<b>Cyprus</b>
<b>2013</b>	<b>Ireland</b>
	<b>Lithuania</b>
<b>2014</b>	<b>Greece</b>
	<b>Italy</b>

**Source:** “Council decision of 1 January 2007 determining the order in which the office of President of the Council shall be held,” see link to document at <http://www.consilium.europa.eu/showPage.aspx?id=242&lang=EN>.

## Other Key Actors in EU External Affairs

EU external affairs issues generally fall into one of two categories, differentiated from one another by both the nature of decision-making and the EU institutions relevant to that process.

First, foreign policy decisions of a political nature, as well as all decisions related to EU security and defense policy, are the province (in EU terminology, the “competence”) of the member states. Decisions that are adopted unanimously by all 27 member countries are what make up the EU’s Common Foreign and Security Policy (CFSP). This process of “intergovernmental” decision-making takes place in the European Council and the Council of Ministers. Thus, it is in political matters and CFSP that the new President of the European Council and the new High Representative of the Union for Foreign Affairs and Security Policy are expected, as described above, to play the most prominent role (possibly with an occasional assist, as requested, from the leader or foreign minister of the rotating presidency country).

Second, in many areas of policy-making, the member countries of the EU have agreed to pool their sovereignty. Areas of shared sovereignty that have relevance in external affairs include trade policy, environmental policy, and development aid. Such topics are said to fall under the “Community competence,” and decision-making takes place through the “Community method.” Typically, the European Commission initiates proposed legislation, which is then voted on in the Council of Ministers through a system of Qualified Majority Voting—although the EU generally seeks as broad a consensus as possible in its decision-making, unanimity is not required in these cases. In the Community method, approval of a measure also usually requires the joint consent of the European Parliament (i.e., “co-decision”). Measures approved in this way are subsequently regulated or enforced by the European Commission, often with oversight by the European Parliament. The Commission also represents the EU internationally in negotiations on these topics (e.g., on trade) or in managing the policies that fall under its competence (e.g., foreign aid).

The President of the European Commission will therefore continue to play an important role in representing the EU externally on issues that are managed by the Commission, including, as mentioned above, many economic, trade, and environmental issues. José Manuel Barroso is in his second five-year term as Commission President. Along with the new President of the European



Council and the new High Representative, Barroso is expected to participate on behalf of the EU in major international summits. The individual Commissioners also have a representative role on those issues which fall under their portfolio (some portfolios have more external aspects than others) and the staff working under each Commissioner in the Commission directorates-general may maintain working relationships with various foreign officials as their duties require.

Prior to the enactment of the Lisbon Treaty, the EU “embassies” in many countries around the world, including in Washington, DC, were actually delegations of the European Commission. Reflective of the EU’s consolidated legal identity under the treaty, these diplomatic posts are now delegations of the European Union, and their staffing by the newly created External Action Service is expected to consist of a mixture of personnel drawn from the Commission and the Council, as well as secondees from national diplomatic services.

Many of the issues in which the European Parliament acts as a “co-legislator” bear on external affairs in some way. For example, under the Lisbon Treaty the European Parliament now has an enhanced role in EU trade policy and must approve all of the EU’s external agreements. As an additional example, the Parliament’s role in privacy and data protection issues can affect transatlantic homeland security and counterterrorism cooperation, as seen in its rejection of a U.S.-EU agreement on bank data transfers earlier this year which required the Commission to re-negotiate a new agreement with the United States.<sup>6</sup>

Although it has no formal role in the CFSP, some observers suggest that the Parliament has become an increasingly important forum for debating international issues. The President of the European Parliament, currently former Polish Prime Minister Jerzy Buzek, is its top representative and spokesman. The Parliament has 20 standing committees, including a foreign affairs committee, which often play an influential role in the formulation and oversight of EU policies and legislation. The European Parliament also plays a role in the EU’s international presence with 36 delegations that maintain parliament-to-parliament contacts and relations with representatives of most countries around the world.<sup>7</sup>

Because the language of the Lisbon Treaty is fairly vague as to the exact duties of the newly created positions, analysts assert that the roles of the key positions in EU external affairs—the President of the European Council and the High Representative, as well as the President of the Commission, the rotating country presidency, and the European Parliament—will be worked out and defined in practice as the new arrangements are implemented. The changes of the Lisbon Treaty are designed to give the EU better tools with which to develop a stronger and more coherent global role, but change is seen as occurring over time and the impact of these changes could take years to measure.

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<sup>6</sup> The new “SWIFT” agreement was adopted by the European Parliament on July 8, 2010.

<sup>7</sup> For more information, see CRS Report RS21998, *The European Parliament*, by Kristin Archick and Derek E. Mix.

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