

# **EU-27 WATCH**



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# EU-27 Watch

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## On the project

Due to the new treaty provisions of the Lisbon Treaty and the economic crises the enlarged EU of 27 member states is on the search for a new *modus operandi* while also continuing membership talks with candidate countries. The EU-27 Watch project is mapping out discourses on these and more issues in European policies all over Europe. Research institutes from all 27 member states and the four candidate countries give overviews on the discourses in their respective countries.

The reports focus on a **reporting period from December 2009 until May 2010**. This survey was conducted on the basis of a questionnaire that has been elaborated in March and April 2010. Most of the 31 reports were delivered in May 2010. This issue and all previous issues are available on the EU-27 Watch website: [www.EU-27Watch.org](http://www.EU-27Watch.org).

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## EU 27-Watch | Introduction

### The EU in 2010 – between excitement over the Lisbon Treaty and anxieties about the financial and economic crisis

Katrin Böttger and Julian Plottka\*

The reporting period from December 2009 until May 2010 has seen the constitutional crisis coming to an end – unlike the financial and economic crisis, which, after initial hopes that it would pass quickly, turned into a Euro and Eurozone crisis instead. With the coming into force of the Lisbon Treaty, questions of its design and implementation continued to keep the subject on the agenda, however. As the widening of the EU is always being related to its deepening, further issues of salience were the Enlargement and Neighbourhood Policy as well as the climate issue, especially during the climate conference in Copenhagen in December 2009.

In this first issue of the EU-27 Watch under collaboration of Cife and the IEP, all these issues are dealt with and a prospect for the second half of 2010 and the beginning of 2011 is given, a time where the finalisation of the post-Lisbon reforms is to be expected to include new opportunities but also uncertainties:

- Implementation of the Lisbon Treaty;
- Enlargement and Neighbourhood Policy;
- European economic policy and the financial and economic crisis;
- Climate and energy policy; and
- Other current issues and discourses in the reporting countries.

As in previous issues of EU-27 Watch, the country reports give a unique and up-to-date snapshot of positions and assessments of those topics in all 27 EU-member states as well as Croatia and Turkey. The EU-27 Watch includes Macedonia and Iceland for the first time, thereby covering all 4 candidate countries.

When taking a closer look at the 31 country reports, some widespread consensus can be observed on certain topics with heterogeneity on others. In addition, regional differences can also be observed.

#### **The Implementation of the Lisbon Treaty: Assessment of the new posts, the European External Action Service and the European Citizens' Initiative**

On 1 December 2009 the EU-reform ended with the entering into force of the Lisbon Treaty. However, the new treaty provisions still have to be implemented. Some procedures and conditions have to be determined. In other cases, procedures, power relations, and decision-making mechanisms will change due to the new provisions. Therefore, contributors were asked to describe the assessment of new President of the European Council, Herman Van Rompuy, and the new High Representative of the Union for Foreign Affairs and Security Policy, Catherine Ashton, in their country. In addition, they were asked about the country's perception of the European External Action Service as well as possible alternative structures and about the expectations concerning the proposal defining the rules and procedures for the European Citizens' Initiative (ECI).

Overall, the role of the new President of the European Council is seen as that of a moderator or mediator. The assessment of this fact varies, however; more member states see this role in a positive light, many said it was too early to tell, and it is criticised by a smaller but also considerable group. Criticism focuses especially on the selection process and Herman Van Rompuy's role during the economic crisis and particularly the Greek crisis. Fear of a more intergovernmental character of the EU has also been mentioned more than once. Concerning the rotating council presidency, there seems to be some unease relating to changes in the division of labour between the President of the European Council and the rotating presidency and reductions in its relevance. Small states underline especially the importance the six-month-long presidency has for them and maintain that it has kept too many considerable responsibilities to be defunct.

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Concerning the new High Representative of the Union for Foreign Affairs and Security Policy, the group of critics is larger. While some member states give her the benefit of the doubt and the candidate countries can only report limited coverage of the subject, some of Catherine Ashton's activities in the first month of her holding the post have been criticised, especially the unilateral appointing of Joao Vale de Almeida as EU ambassador to the USA.

The European External Action Service is still in its formation phase. Therefore, suggestions to its shaping prevail. Most often voiced is the necessity to clearly define its duties, to leave the appointment of 1/3 of officials to the member states and to keep a geographical balance while doing so. Furthermore, there are still uncertainties to what degree the EEAS might replace national diplomatic service and lure away some countries' best diplomats.

The expectations for the European Citizen's Initiative (ECI) are generally positively assessed; the subject has, however, been less discussed in the member states than other changes being brought about by the Lisbon Treaty.

### **The candidates and neighbours: Who is next in line?**

The European Commission has given its opinion on Iceland's application for EU-membership and a positive decision from the Council was taken in June 2010 granting Iceland candidate status. Croatia seems to have settled its border dispute with Slovenia. Against this background we asked, which countries are expected to become members of the European Union in the next enlargement round by the author's country and which are not. In addition, they were asked to describe how the Eastern Partnership and the Union for the Mediterranean, the last major projects dealing with the European neighbourhood, were assessed in their country.

There is a wide consensus that Croatia and Iceland are next in line for enlargement. Whenever dates are mentioned, they assume that negotiations will be completed by the end of 2010 or in 2011 with the possibility for both countries to join in 2012. Concerning the membership perspective of those countries discussed but not expected to become members in the next enlargement round, the picture is a lot more diverse. In general, all other prospective candidates from the Western Balkans are mentioned by one member state or the other. In this context, the importance of sticking to the Copenhagen criteria is repeatedly mentioned. A special point of contention throughout the reports is Turkey. While its accession to the EU is mentioned as an important if hard to sell goal, others see the process as long and slow or even object to Turkish EU membership. Concrete reasons, e.g., that it is a non-Christian country, are, however, rarely mentioned.

Both the Eastern Partnership and the Union for the Mediterranean are subjects of low salience in the public of the EU member states. When focusing on governments and scientific circles, however, they are seen as important policies for the stability and prosperity in the region. The relevance seen of one or the other depends mostly on regional preferences of the member states. The countries more concerned with Eastern relations frequently mention Ukraine. In addition, the importance of good relations with Russia is mentioned repeatedly.

### **Economic policy and financial crisis: closer cooperation needed! But how?**

During March 2010 the heads of state and government agreed to financially support Greece. On 11 April 2010 this agreement was expressed in figures: the Eurozone member states were willing to grant Greece loans of up to 30 billion Euros complemented by 15 billion Euros from the International Monetary Funds (IMF). On 2 May 2010 the amount was increased to 110 billion Euros. One week later, on 9 May 2010, the heads of state and government reached an agreement to grant financial assistance to a member state "which is experiencing, or is seriously threatened with, a severe economic or financial disturbance caused by exceptional occurrences beyond its control".<sup>1</sup> This agreement contains three elements: the European Stabilisation Mechanism which allows the European Commission to borrow the necessary money to grant a credit to the respective member state; a special purpose vehicle, which is allowed to borrow up to 440 billion Euros, guaranteed by the 16 member states of the Eurozone, to support member states financially; and an IMF credit worth half the amount of each credit this special purpose vehicle grants to member states. All in all the IMF will financially support member states with a maximum of 250 billion Euros.

This financial package for Greece was broadly welcomed all over Europe. But the arguments for supporting the package differ: on the one hand, it is argued, as the Italian Prime Minister put it, that the EU has no reason to exist if it is not willing to help a member of the Euro area afflicted by a severe economic crisis. Others saw the finance package as a necessary evil. The only member state probably not willing to grant bilateral loans to Greece is Slovakia. The idea of Greece leaving the Eurozone was not seriously discussed in any member state.

Beside the general support of the packages, the country reports reflect a European debate on whether the IMF should be involved or not. Some politicians expressed the opinion that the Europeans should have dealt with the problem on their own. In other states, some of them under IMF supervision on themselves, the participation of the IMF was welcomed. According to the Belgian report, other criticism can be summed up with the words of the former Belgian Prime Minister, Guy Verhofstadt, who criticised the slow decision-making process and European cacophony, as well as the overly long discussions on the way to solving this problem.

The question, which lessons learned from the financial crisis in the Eurozone, is closely interweaved with the assessment of the idea of European economic governance. A majority of the country reports name two aspects concerning this question: 1) the rules of the Growth and Stability Pact have to be more strictly enforced; and 2) closer economic cooperation is needed. But here agreement seems to end. There was disagreement on whether new institutions should be created and whether a new treaty reform is feasible. Another question on which opinion is split is the "European Semester". While some welcome the monitoring of national budgets, this is regarded as a threat to national sovereignty in other member states. Furthermore, concerns on a European tax policy are expressed in Ireland and Malta, while Slovenia is the only country from which calls for a closer coordination of indirect taxes are reported. A fear frequently expressed is that increased economic cooperation will foster a "Europe of two speeds", no distinction should be made between Eurozone member states and member states not having introduced the Euro. One idea to avoid such a development is to give the non-Euro member states observer status in the Eurogroup.

What becomes apparent is that in none of the countries a concept for closer economic cooperation or the reform of the Growth and Stability Pact has yet been discussed. Beside the general agreement that something has to be done, most concepts remain vague. The few concrete ideas voiced are just bits and pieces. Another subject not mentioned is, surprisingly, the role the rating agencies have played during the crisis.

While the new Europe 2020 Strategy is broadly welcomed in general, there is a great scepticism concerning the Strategy's success, as the Luxembourgish report put it. The question of implementation of the Europe 2020 Strategy seems to be the major concern fuelling this scepticism. That the new Strategy does address the problem of the Lisbon Strategy in this respect is the major point of criticism. In a more general approach, the criticism is summarised in the French report by citing Bruno Vever: "never change a losing strategy." Furthermore, depending on the respective national interest, policy fields are discussed which should have been more stressed by the Strategy. Examples are the Common Agricultural Policy, energy policy, green growth, and the fight against protectionism.

### **Climate and energy policy: best hope for the next negotiation round**

In the field of European climate and energy policy, the United Nations Climate Change Conference in Copenhagen from 7 to 19 December 2009 was the major event during the reporting period. Starting with the internal negotiations and final agreement on the "energy and climate change package" in late 2008 and early 2009, the European Union was occupied with formulating a negotiating position for the Copenhagen conference during 2009. This position was reached with the so called "20-20-20 objectives" offering a unilateral reduction of greenhouse gas emission by 20 percent until 2020 and the offer to increase the reduction goal to 30 percent, if the other "developed countries commit themselves to comparable emission reductions" and "developing countries contribute adequately according to their responsibilities and respective capabilities."<sup>2</sup> Against this background, the reports evaluate the non-binding Copenhagen Accord finally agreed upon. The assessments of the Copenhagen Accord range from disappointment, failure, and dissatisfaction to describing it as a missed opportunity. More positive voices regard it as "moderate progress" or they are hopeful that next time, in Cancún at the end of 2010, a better agreement will be reached.

Among the 31 country reports, a majority evaluates the EU's internal climate and energy policy positively. Just in a few of the member states the EU's goals are regarded as being too ambitious or calls for more emphasis on energy policy were heard. Among those supporting the current policy, some do not see the necessity to increase Europe's efforts in climate policy. They consider the so called "20-20-20 objectives" as a sufficient basis for the next negotiation round in the international arena. Others, among them not just environmental NGOs but also governments, point out that the EU must not lose its role as an international leader in climate policy and pledge for a more ambitious climate policy. A few country reports do not discuss the policy itself as the problem Europe will face during the next international negotiations. Instead, they argue, it is more important to overcome Europe's internal division and to find a coherent and consistent climate policy.

There is a wide consensus that the Framework Convention on Climate Change (UNFCCC) is the appropriate forum to tackle climate change, as it is a global challenge and there is no other forum larger than the United Nations. In Belgium the idea was proposed to supplement the negotiations within in the UNFCCC with a bilateral CO<sub>2</sub> tax on imports from those countries not willing to participate in the UNFCCC. The only alternative to the UNFCCC mentioned in the country reports is the G8 respectively the G20.

The financing of mitigation and adaptation efforts in developing countries is broadly considered as being necessary and useful. Most countries are willing to participate or have already committed funds. In Romania the idea is discussed that the amount a state has to pay should be dependent on the emissions of the respective country. Concepts on the allocation of these funds and the monitoring of the spending do not seemed to be a topic discussed at present in Europe. Controversially discussed is the question where the funds should come from. Some criticise that existing development aid funds are just declared as being funds for mitigation and adaptation efforts. Due to this reason, others question the priority of mitigation and adaptation for developing countries in general.

### **Current issues: It's the economy, stupid!**

The current issues and discourses reported in chapter five reflect that there is no synchronic debate in all member states and candidate countries on one issue not dealt with in chapters one to four. The current discourses in Europe cover a broad spectrum of topics ranging from spring hunting and genetically modified organisms to visa policy, constitutional reforms, the involvement in Afghanistan, and immigration.

Meanwhile, two issues are mentioned more often than others: elections and economic policy. In a number of European countries, the governments of different levels of the political system have changed due to unexpected election results or the ruling governments split up and made elections necessary.

That economic policy is the second issue discussed in this chapter is somewhat surprising as chapter three of the EU-27 Watch No. 9 already covers it. But the answers to question five of the questionnaire focuses on different aspects. They either focus on the economic developments in the respective national economy or they deal with the future of the single currency. In Estonia qualifying for Eurozone accession is regarded as an "extraordinary achievement". In other member states, e.g., the Czech Republic and the United Kingdom, the current developments in the Eurozone are regarded as further arguments against introducing the Euro, while Denmark handled the debate on its Euro opt-out with care.

Reviewing the debates on current issues as they are reported, the interpretation might not be wrong that economic policy is by far the most important topic discussed during the reporting period.

### **Outlook: EU remains moving target even after the Lisbon Treaty**

The EU-27 Watch No. 9 shows to what degree the European Union is a political system in transition during the reporting period. The only certainty, from the point of view of most of the reporting countries, seems to be that Croatia and Iceland are the candidates which will join the Union next. Meanwhile the EU is still searching for its balance and a new internal working mode. The President of the European Council seems to be developing into a moderator or mediator, while the role of the High

Representative, the EEAS, and the ECI are still in their formation phases. Thus it is too early for final assessments.

The same is true for the two policy fields touched upon in the EU-27 Watch No. 9. The United Nations Climate Change Conference in Copenhagen did not agree on the final binding agreement, the EU hoped for. While it remains to be seen, what role the EU can play, European actors in climate policy hope for the next negotiation round, while in the public debate the salience of the issue decreases. Much more salient was the economic policy during the reporting period. The heads of state and government agreed on a stabilisation mechanism to react on the current crisis, but apart from broad guidelines (wish for a stricter Growth and Stability Pact and closer economic cooperation) no concrete reform steps have been developed so far. Time will tell what these will have to look like in order to be approved by EU and Eurozone member states.

Overall, it can be seen that the Lisbon Treaty marks not only the end of a long process but also the beginning of a new phase of implementation which we will be able to observe and assess in the future.

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<sup>1</sup> Council Regulation (EU) No 407/2010 of 11 May 2010 establishing a European financial stabilisation mechanism, in: Official Journal of the European Union, No. L 118 of 12. May 2010, pp. 1-4.

<sup>2</sup> Council of the European Union: Brussels European Council 29/30 October 2009. Presidency Conclusions, Doc. 15265/1/09.

## Questionnaire for EU-27 Watch, No. 9

Reporting period December 2009 until May 2010 – Deadline for country reports 21 May

**All questions refer to the position/assessment of your country's government, opposition, political parties, civil society organisations, pressure groups, press/media, and public opinion. Please name sources wherever possible!**

### 1. Implementation of the Lisbon Treaty

On the 1 December 2009 the EU-reform ended with the entering into force of the Lisbon Treaty. However, the new treaty provisions still have to be implemented. Some procedures and conditions have to be determined. In other cases, procedures, power relations, and decision-making mechanisms will change due to the new provisions.

- How is the work of the new President of the European Council, Herman Van Rompuy, assessed in your country? Which changes to the role of the rotating council presidency are expected?
- How is the work of the new High Representative of the Union for Foreign Affairs and Security Policy, Catherine Ashton, assessed in your country? Please take into particular consideration both her role within the European Commission and her relationship to the Council of the European Union.
- On 25 March 2010 a "Proposal for a Council Decision establishing the organisation and functioning of the European External Action Service" was presented. How is this concept perceived in your country? Which alternatives are discussed?
- On 31 March 2010 the European Commission presented a proposal defining the rules and procedures for the European Citizens' Initiative (ECI). What are the expectations for the ECI in your country? What are the various positions concerning the rules and procedures?

### 2. Enlargement and European Neighbourhood Policy

The European Commission has given its opinion on Iceland's application for EU-membership and a decision from the Council is expected before the end of June. Croatia seems to have settled its border dispute with Slovenia. Against this background:

- Which countries does your country expect to become members of the European Union in the next enlargement round? What are the opinions in your country on the membership of these countries?
- How are the membership perspectives of those countries discussed, which are not expected to become a member in the next enlargement round?

The Eastern Partnership and the Union for the Mediterranean were the last major projects dealing with the European neighbourhood:

- How are these projects assessed in your country?

### 3. European economic policy and the financial and economic crisis

The European Council agreed on 25/26 March on the key elements of the Europe 2020 strategy, the successor of the Lisbon strategy. While not being on the formal agenda the economic and financial situation in Greece was discussed. The European Council agreed on a finance package combining bilateral loans from the eurozone and financing through the International Monetary Fund.

- How is the finance package for Greece assessed in your country? Are there any opinions on the process, how the agreement on the package was reached?
- Which lessons should be drawn from the Greek case for a reform of the Stability and Growth Pact?
- How is the idea of "a strong coordination of economic policies in Europe" perceived in your country? What concepts of an European economic governance are discussed in your country and which role do they assign to the Euro group?
- How is the Europe 2020 strategy discussed in your country? What are the priorities for the Europe 2020 strategy from your country's perspective?

### 4. Climate and energy policy

The climate conference in Copenhagen took note of the Copenhagen Accord but did not reach a binding agreement. The next conference of the parties (COP 16 & CMP 6) will take place at the end of November 2010.

- How is the Copenhagen conference assessed in your country? Please take into consideration the negotiation strategy of European Union and the results of the conference.
- Does the European Union need to change its own energy and climate policy in order to give a new impulse to the international negotiations?
- Is a global agreement within the UNFCCC the best strategy to fight climate change? If not, which alternative strategy should the European Union follow?
- What is your country's position on financing mitigation and adaptation efforts in developing countries?

### 5. Current issues and discourses in your country

Which other topics and discourses are highly salient in your country but not covered by this questionnaire?