

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.

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Editorial Team

Publisher: Prof. Dr. Mathias Jopp
Executive Editor: Dr. Katrin Böttger
Managing Editor: Julian Plottka
Editorial Staff: Daniela Caterina, Gregory Kohler, Christoph Kornes
Layout: Matthias Jäger

Contact: info@EU-27watch.org
www.EU-27watch.org

 Institut für
Europäische Politik
Bundesallee 23
D-10717 Berlin
Tel.: +49/30/88.91.34-0
Fax: +49/30/88.91.34-99
E-mail: info@iep-berlin.de
Internet: www.iep-berlin.de

Latvia**Latvia favours European Economic Governance and the Europe 2020 Strategy**

Dzintra Bungis*

The economic and financial situation in Europe is undoubtedly an issue of high interest in Latvia. The principal reason for such interest has little to do with the dramatic eruptions of public sentiment in Greece, the disputes between some Europeans and the Icelanders over the consequences deriving from the banking and financial crisis in Iceland or the various efforts in other European capitals to cope with deficits and deep budget cuts, but rather with Latvia's own economic recession and the painful decisions that are being made in order to deal with the myriad of problems. Factual reports appear regularly in the Latvian media about the economic situation in other EU countries, but commentaries are rare. The sentiment in Latvia towards Greece and other EU member states facing serious economic and financial problems appears to be that of an interested observer, and clearly not that of a critic or an advisor. Latvians are too deeply aware of their own difficulties to pass judgement on others encountering similar difficulties. This is true both in the official and the public domain. At the same time, throughout this period of economic downturn, what has been stressed by many Latvians is the importance of EU solidarity and the Union's readiness to come to assist those members having problems. All these considerations should help explain why both Latvian officials and the media have avoided making assessments of the EU finance package for Greece, or expressing opinions about the way the agreement was reached. For those very same considerations, there have been no public discussions to speak of concerning the lessons that could or should have been drawn from the Greek case for further reforms of the Stability and Growth Pact. In this context, however, some Latvian observers have posed another question: would a more consistent observance of the guidelines and procedures stipulated in the existing Stability and Growth Pact not have prevented some of the economic and financial problems currently besetting many of the EU member states?

All these considerations, however, have not diminished Latvia's critical interest in the idea of "a strong coordination of economic policies in Europe", economic governance, and improvements in the Stability and Growth Pact. On 15 June 2010, the Latvian government announced its support for measures promoting stronger coordination and fiscal discipline at the EU level. So as not to foster a Europe of "two speeds", the Latvian government also urged that such measures be applied to all EU member states, regardless of the currency each state uses.¹ These measures should serve to strengthen the functioning of the Growth and Stability Pact and macroeconomic surveillance. Thus, Latvia favours across-the-board application of all measures, rather than singling out the Eurozone or any other group of countries for special roles. In general, Latvia also backs the idea of a "European semester", and the notion of annually presenting Stability and Convergence Programmes to the Commission for the upcoming years, starting in spring 2011. However, the backing comes with a note of reservation and some specific recommendations.² In a nutshell, the right balance should be found between EU surveillance and the preparation process of the national budget so as not to encroach upon the rights of the institutions of member states to determine and implement their chosen policy. Latvia, therefore, anticipates further discussions in the High Level Task Force about the strengthening of the coordination of economic policy before the Task Force presents its final report in October 2010.³

The Latvian government has consistently supported the Europe 2020 Strategy. It also supported the Lisbon Strategy, which preceded the Europe 2020 Strategy. The wide-ranging Lisbon Strategy, however, never caught the imagination of the general public and was of more interest to academics and policy advisers, rather than legislators and policymakers. Because of its specific and timely headline goals, the Europe 2020 Strategy appears to have better chances of success than its predecessor. Already on 9 February 2010, the Cabinet of Ministers announced that the EU 2020 Strategy deserves special attention among Latvia's national priorities during the Spanish Presidency of the EU.⁴ Given Latvia's economic difficulties, it is understandable that stress is being placed on green growth and more jobs. In this context, Minister of Foreign Affairs Māris Riekstiņš informed his Swedish counterpart, Birgitta Ohlsson, that Latvia supports, in general, the Europe 2020 Strategy and noted that this Strategy should serve to diminish the socioeconomic differences between EU member states and raise the competitiveness of all.⁵ Similar sentiments were expressed by Prime Minister Valdis Dombrovskis at the Council of the European Union meeting on 25-26 March 2010. Emphasising the importance of continuing efforts to reduce the economic differences between EU member states,

* Latvian Institute of International Affairs.

Dombrovskis observed that salient instruments for this purpose are the Union's cohesion policies and improvements in the Union's commitment to competitiveness. Dombrovskis called for more attention to be devoted to issues, such as infrastructure, internal market and entrepreneurial environment, and urged for the continued analysis of the issues related to social integration.⁶

While the Europe 2020 Strategy has not yet caught the attention of the general public in Latvia, there is a clear awareness of the Strategy among the more informed populace. Regular reports by the media and some conferences, where the Strategy has been one of the topics of discussion, have served to further disseminate information about it. For example, at the seminar organised for journalists by the Ministry of Foreign Affairs on 28 April 2010, one session was devoted to an analysis of the Europe 2020 Strategy.

Among the segments of society which have knowledge of the Europe 2020 Strategy are also the farmers and the academics. On 29 and 30 April 2010, Agriculture Commissioner Dacian Cioloş visited Latvia to see the situation of farmers, agriculture, and rural development for himself and to promote participation in the public discussion and evaluation of the Common Agricultural Policy and how it should function in the future. The Latvian farmers were reminded of the Europe 2020 Strategy because one of the questions that interested the Commissioner was: what will the contribution of the Common Agricultural Policy (CAP) be to the Europe 2020 Strategy?⁷

Another example of the topicality and usefulness of the Europe 2020 Strategy in Latvia comes from the educators. In response to the news that the International Monetary Fund representatives were suggesting profound budget cuts in state funding of higher education, the rectors of state universities issued a joint statement of protest on 15 April 2010. Arguing against the cuts, they pointed out that the implementation of such plans would jeopardise Latvia's reaching of its higher education goals set in the Europe 2020 Strategy.⁸

¹ Delfi dispatch, 15 June 2010, available at: http://www.delfi.lv/news/business/budget_and_taxes/latvija-atbalstis-ieceri-valstu-budzetus-vertet-es.d?id=32510559 (last access: 14 July 2010).

² For a more detailed report about the various views of the Latvian parliamentarians, see the Delfi dispatch, 4 June 2010, available at: <http://www.delfi.lv/archive/print.php?id=32310879> (last access: 14 July 2010).

³ Ibid.

⁴ Ministry of Foreign Affairs: Press Release, 9 February 2010, available at: <http://www.mfa.gov.lv/lv/Jaunumi/PazinojumiPresei/2010/februaris/09-03/> (last access: 14 July 2010).

⁵ Ministry of Foreign Affairs: Press Release, 3 March 2010, available at: <http://www.mfa.gov.lv/lv/Jaunumi/PazinojumiPresei/2010/marts/03-01/> (last access: 14 July 2010).

⁶ Cabinet of Ministers; Press Release, 26 March 2010, available at: <http://www.mk.gov.lv/lv/aktuali/zinas/2010gads/03/260310-mp-04/> (last access: 14 July 2010).

⁷ European Commission: Press Releases, 12 April 2010, available at: http://ec.europa.eu/latvija/news/press_releases/2010_04_12_3_lv.htm (last access: 14 July 2010); European Commission: Press Releases, 29 April 2010, available at: http://ec.europa.eu/latvija/news/press_releases/2010_04_29_3_lv.htm (last access: 14 July 2010).

⁸ Full text of the rectors' statement of 15 April 2010, available at: <http://www.delfi.lv/archive/article.php?id=31262283> (last access: 14 July 2010).

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?