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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.

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Lithuania**More financial discipline is necessary to avoid crisis in the future****Jurga Valančiūtė***

Greece should first prepare a stricter plan for saving

Lithuanian officials and society assert that Greece should expand its efforts against its economic troubles and that this should be a prerequisite for receiving aid from other EU member states.

Lithuanian President Dalia Grybauskaitė said, the “Greek situation and the decision of the EU member states to provide aid for Greece together with the International Monetary Fund is a good lesson to all states that they should treat their public finances with responsibility.”¹ According to the Lithuanian President, by “becoming a Eurozone member, Greece has adopted important obligations to conduct responsible fiscal and monetary policy. When in big economic trouble, a state has to make responsible but not populist financial decisions, look for the ways out and only then expect help from other member states.”²

According to the results of a non-representative survey conducted after the financial package for Greece was adopted by the most popular news portal in Lithuania Delfi.lt, 66.2 percent of 2,136 respondents, asked what help should be provided to Greece, said that, first of all Greece, should prepare a stricter plan for saving, 18.8 percent said that the EU does not have an obligation to take care of Greece’s problems and 10.6 percent answered that EU member states should express their solidarity and lend Greece the necessary 110 billion Euros.³

Lithuania has also suffered from the economic crisis, with Gross Domestic Product drastically falling and the level of unemployment critically growing. As Lithuanian Member of European Parliament (MEP) Zigmantas Balcytis says, “it is not only Greece that is in a bad situation – Lithuania also takes loans with high interest rates.” Therefore, according to this MEP, “there should be no distinction between EU member states belonging to the Eurozone and those not belonging to it, but the support should be provided to all member states depending on how much they have suffered from the crisis.”⁴

Possible influence on the accession of new member states to the Eurozone

The general opinion in Lithuania is that the Greek case will influence the reform of the Stability and Growth Pact, although the concrete influences are not extensively indicated. The director of the Institute of International Relations and Political Science of Vilnius University, economist Ramunas Vilpisauskas, says that the Greek case can force the EU member states to correct the rules regarding the functioning of the Eurozone, which might influence the accession of new states to the Eurozone as well. According to him, “it is highly expected that this will have long term consequences for the coordination of the policy among Eurozone member states, its supervision and sanctions for violations of the Stability and Growth Pact.”⁵ Lithuanian President Dalia Grybauskaitė pins her hope on a special working group: she said she was convinced that the decision of the March 2010 European Council to gather a special working group, which would provide the Council with concrete recommendations on improving financial discipline in the member states, will prevent similar crises in the future.⁶

More intensive conformation of budgetary indicators is desired but not the harmonisation of direct taxes

Ramunas Vilpisauskas says that the European Commission’s proposals laid down in the communication on reinforcing economic policy coordination are quite radical and raise a number of questions. These questions, according to Ramunas Vilpisauskas, are not only associated with the possibility that these proposals might limit the member states’ sovereignty in budgetary policy. Another discussable issue is an EU support fund for countries experiencing difficulties and the conditions upon which the financial resources would be provided, as this remains unclear. Finally, he says, it is not obvious how much these proposals would be applied to non-Eurozone member states or what their relation with the Europe 2020 Strategy, with the national reform programmes and with the EU financial perspective will be. According to him, “these proposals have both positive and negative consequences

* Institute of International Relations and Political Science, Vilnius University.

for Lithuania. On the one hand, it would limit the recent practice of politicians to waste money before elections, but on the other hand this means recognition of an inability to conduct a reasonable, independent budgetary policy.” He questions whether a step towards the obligatory conformation procedures of national budgets would not lead to an obligatory conformation of taxes or budget expenditure in the future, as such a scenario would not be favourable to Lithuania, because it would limit our possibilities to conduct an independent policy. His conclusion is that “an area of a single currency should be related with a more intensive conformation of the budgetary indicators but should not be a basis for harmonisation of direct taxes.”⁷

Europe 2020 Strategy – a basis for the recovery of the European economy

Lithuanian officials greatly welcome the Europe 2020 Strategy. Lithuanian President Dalia Grybauskaitė said the Lithuanian goal to have an economically strong and competitive EU could only be achieved through the successful implementation of the Europe 2020 Strategy.⁸ She also noted that the goals of the Strategy confirmed at the March European Council are of great importance to Lithuania.⁹

Europe 2020 Strategy is seen by most Lithuanian officials as a basis for the recovery of the European economy. Lithuanian Foreign Affairs Minister Audronius Azubalis said: “We have to use this Strategy as the instrument promoting quicker recovery of the EU and Lithuanian economies and fostering the most important structural reforms.”¹⁰ Former Lithuanian Foreign Affairs Minister Vygaudas Usackas mentioned that this Strategy will not only help the EU recover from this crisis, but also prevent crises in the future.¹¹

Lithuanian officials express their support for the main elements of the Strategy. Vygaudas Usackas positively evaluated the main direction of the Strategy – to create knowledge based united and sustainable economy.¹² Lithuanian President Dalia Grybauskaitė named the following Strategy goals as the most important to Lithuania – securing the growth of employment, limiting the level of poverty, decreasing social exclusion and securing investments in the economy which would be based on the achievements of modern science and highly qualified specialists.¹³

In the context of the new Strategy, special attention was paid to energy issues. Former Lithuanian Foreign Affairs Minister Vygaudas Usackas claimed, “it is extremely important to Lithuania that such priorities as diversification of energy resources, creation of an EU energy market and coordinated external EU energy policy would be included in the strategy.”¹⁴ After the adoption of the European Commission’s communication, Lithuanian President Dalia Grybauskaitė stressed that it is important that an obligation to develop the necessary infrastructure for growth, which would enable Lithuania to implement the energy interconnections that will eliminate Lithuanian energy isolation, are foreseen in the Strategy.¹⁵

While most Lithuanian officials are enthusiastic about the new Europe 2020 Strategy, Ramunas Vilpisauskas claimed that the new Strategy should be evaluated according to its ability to deal with the shortcomings of the Lisbon Strategy. He listed the numerous, differently defined and sometimes contradictory goals in most fields of public policy: the gap between the national and EU reform processes and non-binding nature of the implementation of the Strategy are among the major shortcomings of the new Strategy.¹⁶ chairman of the committee on European affairs of Lithuanian parliament Česlovas Vytautas Stankevičius said he wanted to see the social dimension strengthened in the Europe 2020 Strategy.¹⁷

¹ President of Lithuania: The President: EU growth strategy – new possibilities for Lithuania (Prezidentė: ES augimo strategija – naujos galimybės Lietuvai), press release, 26 March 2010, available at: <http://www.balsas.lt/naujiena/381420/dalia-grybauskaitė-es-augimo-strategija-naujos-galimybės-lietuvai> (last access: 9 June 2010).

² President of Lithuania: Economic recovery plan until 2020 – a challenge for all EU Member States (Ekonomikos gaivinimo planas iki 2020 m. – iššūkis visoms ES šalims), press release, available at: http://www.president.lt/lt/spaudos_centras_392/pranesimai_spaudai/ekonomikos_gaivinimo_planas_iki_2020_m._-issukis_visoms_es_salims.html (last access: 9 June 2010).

³ Baltic news service: Greece has agreed on aid from EU and IMF (Graikija susitarė su ES ir TVF dėl pagalbos), 2 May 2010, available at: <http://myep.delfi.lt/news/graikija-susitare-su-es-ir-tvf-del-pagalbos.d?id=31754475> (last access: 9 June 2010).

⁴ Zigmantas Balcytis: Yes, Greece is in a difficult situation, but... (Taip, Graikijai sunku, bet...), 25 March 2010, available at: <http://www.balcytis.lt/?p=671> (last access: 9 June 2010).

⁵ Ramunas Vilpisauskas: Greece, euro and Lithuania (Graikija, euras ir Lietuva), 24 March 2010, available at: [HTTP://MYEP.DELFI.LT/OPINION/GRAIKIJA-EURAS-IR-LIETUVA.D?ID=30323695](http://myep.delfi.lt/opinion/graikija-uras-ir-lietuva.d?id=30323695) (last access: 9 June 2010).

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- ⁶ President of Lithuania: The President: EU growth strategy – new possibilities for Lithuania (Prezidentė: ES augimo strategija – naujos galimybės Lietuvai), press release, 26 March 2010, available at: <http://www.balsas.lt/naujiena/381420/dalia-grybauskaite-es-augimo-strategija-naujos-galimybes-lietuvai> (last access: 9 June 2010).
- ⁷ Ramunas Vilpisauskas: Let the European Union decide for us, because we are incapable to do that ourselves? (Tegu už mus sprendžia Europos Sąjunga, nes patys nesugebame), 19 May 2010, available at: <http://myep.delfi.lt/opinion/r-vilpisauskas-tegu-uz-mus-sprendzia-europos-sajunga-nes-patys-nesugebame.d?id=32478591> (last access: 9 June 2010).
- ⁸ President of Lithuania: President will deliberate on the EU strategy for the growth of economy in Brussels (Briuselyje Prezidentė svarstys ES ekonomikos augimo skatinimo strategiją), press release, 24 March 2010, available at: http://www.president.lt/lt/spaudos_centras_392/pranesimai_spaudai/briuselyje_prezidente_svarstys_es_ekonomikos_augimo_s_katinimo_strategija.html (last access: 9 June 2010).
- ⁹ President of Lithuania: The President: EU growth strategy – new possibilities for Lithuania (Prezidentė: ES augimo strategija – naujos galimybės Lietuvai), press release, 26 March 2010, available at: <http://www.balsas.lt/naujiena/381420/dalia-grybauskaite-es-augimo-strategija-naujos-galimybes-lietuvai> (last access: 9 June 2010).
- ¹⁰ Foreign Affairs Ministry: Foreign Affairs Minister presented EU Member States ambassadors the priorities of Lithuanian European policy (Užsienio reikalų ministras Europos Sąjungos šalių ambasadoriams pristatė Lietuvos Europos politikos prioritetus), press release, 14 April 2010, available at: www.urm.lt (last access: 9 June 2010).
- ¹¹ Foreign Affairs Ministry: The preparation of the forthcoming European Council has been deliberated in Brussels (Briuselyje aptartas pasirengimas artėjančiai Europos vadovų tarybai), press release, 8 December 2009, available at: <http://www.alfa.lt/straipsnis/10303389> (last access: 9 June 2010).
- ¹² Ibid.
- ¹³ President of Lithuania: President will deliberate on the EU strategy for the growth of economy in Brussels (Briuselyje Prezidentė svarstys ES ekonomikos augimo skatinimo strategiją), press release, available at: http://www.president.lt/lt/spaudos_centras_392/pranesimai_spaudai/briuselyje_prezidente_svarstys_es_ekonomikos_augimo_s_katinimo_strategija.html (last access: 9 June 2010).
- ¹⁴ Permanent Representation of Lithuania to the European Union: In Brussels EU Foreign Affairs Ministers paid much attention to Afghanistan (Briuselyje ES užsienio reikalų ministrai daug dėmesio skyrė Afganistanui), 25 January 2010, available at: <http://www.eurep.mfa.lt/index.php?-305056780> (last access: 9 June 2010).
- ¹⁵ Balsas.lt: The President: EU growth strategy – new possibilities for Lithuania (Prezidentė: ES augimo strategija – naujos galimybės Lietuvai), 26 March 2010, available at: <http://www.balsas.lt/naujiena/381420/dalia-grybauskaite-es-augimo-strategija-naujos-galimybes-lietuvai> (last access: 9 June 2010).
- ¹⁶ Ramunas Vilpisauskas: EU2020: déjà vu or the preparation for the progress? (Europa 2020: déjà vu ar pasirengimas proveržiui?), 16 March 2010, available at: <http://myep.delfi.lt/news/europa-2020-deja-vu-ar-pasirengimas-proverziui.d?id=30046325> (last access: 9 June 2010).
- ¹⁷ Committee on European affairs of the Lithuanian parliament: Chairman of the committee on European affairs Česlovas Vytautas Stankevičius says that the social dimension should be enforced in the future EU2020 Strategy (Europos reikalų komiteto pirmininkas Česlovas Vytautas Stankevičius pasisako, kad būsimojoje 2020 m. ES strategijoje turi būti sustiprintas socialinis matmuo), press release, available at: www.lrs.lt (last access: 9 June 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?