

# 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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## 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](mailto:info@EU-27watch.org)  
[www.EU-27watch.org](http://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](mailto:info@iep-berlin.de)  
Internet: [www.iep-berlin.de](http://www.iep-berlin.de)

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**Netherlands****Dutch strict towards Greek aid package**

Simone Wolters and Arnout Mijs\*

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Ever since the full extent of the Greek deficit crisis has become clear, the Dutch government has been a proponent of the involvement of the International Monetary Fund (IMF) in case of emergency aid.<sup>1</sup> After the informal Council summit in February 2010, the Dutch parliament stated that Greece is the only one to blame for its high budget deficit and financial support would be inappropriate. Former Finance Minister Bos agreed on this point and shared the opinion that Greece carries the responsibility for solving this crisis.<sup>2</sup>

In March 2010, the Netherlands, together with Germany, stated its opposition to direct emergency aid for Greece by the Eurogroup member states. According to the Dutch government, Greece should first introduce severe budget cuts and request IMF support.<sup>3</sup> Prime Minister Jan Peter Balkenende stated that in case of financial support “the IMF always has to take part.” He underlined that Greece created its own financial problems and should solve them by taking drastic measures.<sup>4</sup> Both houses of parliament also favoured IMF interference. On 18 March 2010, the parliament did not give permission to negotiate on a European solution for the Greek problem. Both chambers stated that IMF intervention should take place first, and only if it does should help be offered by the Eurozone countries.<sup>5</sup>

On 7 May 2010, the second chamber had to come back from spring recess to vote on the European support package for the Greeks. The agreement to support Greece with 4.7 billion Euros was sensitive, because the political parties tried to stave off the appearance that Greece was rewarded for what they considered financial misbehaviour. The Christian Democrats (Christian Democratic Appeal – CDA), Social Democrats (Dutch Labour Party – PvdA) and Greens stated that financial aid to Greece was inevitable.<sup>6</sup> On 7 May 2010, Prime Minister Balkenende, at the Eurogroup summit, called the support package “inevitable and necessary.”<sup>7</sup> Support was needed to keep the Euro stable. He stressed that Greece has to take enormous measures in return for the loans. According to Balkenende, more severe punishment of countries that do not adhere to the EU-budget rules would be a good signal.<sup>8</sup>

On 10 May 2010, the Dutch parliament gave its support to the emergency aid plan of 720 billion Euros aimed at stabilising the Euro despite critical remarks from a large part of the opposition (PvdA, the Socialist Party – SP, Party for Freedom – PVV, and GroenLinks).<sup>9</sup> The Dutch political parties see the rescue package as a necessary evil and demand certain guarantees from EU member states with big budget deficits in exchange for their support. The Netherlands will guarantee 26 billion Euros in loans.<sup>10</sup> During the negotiations in the night of 9 to 10 May 2010, the Dutch government refused to give a blank cheque to save what they consider the financially irresponsible Mediterranean countries. As a result, the decision on bank guarantees will have to be taken by unanimity.<sup>11</sup> The Netherlands is against EU involvement in national budget policy.

In General, the Dutch media has devoted considerable attention to the developments of the Greek deficit crisis. A considerable number of articles give an overview of the measures taken and opinions prevailing in other EU member states.

According to Foreign Minister Verhagen, the Stability and Growth Pact (SGP) has not been able to avoid the escalation of the budgetary situation in certain member states, including Greece: “This indicates that we will actually need more SGP instead of less”.<sup>12</sup> Reinforcement of the SGP could be accomplished by stronger supervision, a stronger and independent role for Eurostat and a tightening of sanctions. The nature of these sanctions and the moment of their application should be discussed by the taskforce of the President of the European Council Herman Van Rompuy.<sup>13</sup>

*Economic governance*

Finance Minister Jan Kees De Jager is an opponent of the proposal to give the Commission more rights in supervising the national budgets of member states. According to De Jager, the national

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\* Netherlands Institute of International Relations ‘Clingendael’.

budget sovereignty of the EU member states would be infringed upon by implementing these kinds of measures. Giving the Commission insight into Dutch long-range budget estimates would not be a problem. The Finance Minister underlined that member states with large budget deficits should be dealt with much more severely. De Jager is a proponent of handing over control of budget rules to an independent institution in order to take the issue out of the political realm.<sup>14</sup>

According to Minister Verhagen, it is necessary to take measures that will make the existing rules more respected. This is much more important than thinking about new institutions like a European Monetary Fund. Economic cooperation in the EU will ask for a fundamental debate. Verhagen is in favour of automatic enforcement of penalties/fines when the SGP is violated, instead of the current decision making procedure by the Council. He is a supporter of freezing cohesion funds when needed. The Minister has a critical opinion on a permanent emergency fund because this will relieve the responsibility of the member states for healthy government budgets.<sup>15</sup>

### *Europe 2020 overshadowed by current events*

The Dutch government welcomes the Europe 2020 Strategy: "In particular, it welcomes the focus on education, knowledge and (green) innovation, the importance of employment policy and macro-economic imbalances."<sup>16</sup>

On growth and jobs, the Dutch government was happy to note that the Strategy, corresponding to their own wishes, focuses on sustainable growth and jobs, and has a limited number of ambitious goals. However, the question remains whether the goals are achievable. The Dutch government is concerned about the poverty goal. According to the government, a higher employment rate is instrumental to social inclusion and reduction of poverty. On top of this, it offers support for social welfare. This is where the emphasis should be. Therefore, the poverty goal is superfluous. The Dutch government also remarked that no goal has been set as to the priority of competitiveness.

The government underlines the crucial importance of a balanced state budget as the basis for sustainable and stable growth. It agrees with the Commission that difficult reforms will be needed to strengthen the economic structure as well as public finance. On governance, the Dutch government considered the Lisbon Strategy to be too non-compulsory.<sup>17</sup> However, the Dutch government is positive about the option available to the Commission to give a warning, and about the strengthened role of the European Council. This will enhance the effectiveness of the Strategy. The Netherlands opposes financial sanctions as an instrument of the Europe 2020 Strategy.<sup>18</sup> In its reaction, the government acknowledges the advantages of a synchronised evaluation of the SGP and the Europe 2020 Strategy. However, they will stay alert in order to prevent recommendations for the Europe 2020 Strategy from becoming an alibi to evade the criteria and procedures of the SGP.<sup>19</sup>

Furthermore, the Netherlands is a supporter of the reform and modernisation of the EU budget. Its focus must be on competitiveness, sustainable growth, and jobs. The government also stresses the importance of a partnership approach. The role of social partners, provinces, municipalities, cities, regions and research institutions is vital towards labour participation, innovation, and climate change.<sup>20</sup>

In discussions in the national parliament, the Europe 2020 debate has been overshadowed by the Greek crisis. Members of Parliament (MPs) usually only make some general remarks on the Europe 2020 Strategy. The different parties concur with the government that there has to be a limited number of set goals and that these goals have to be realistic. They worry about whether and how these goals can be attained. They expect that the current and new instruments are insufficient. There is also worry about "ownership" of the Strategy. The CDA and a smaller Christian orthodox party SGP (Political Reformed Party) point to agriculture as an important factor in smart and sustainable economic growth. This sector does not get the attention it deserves.

In the media, most attention was devoted to the fall of the Dutch government on 20 February 2010. In the brief media coverage, a sense of urgency to develop a viable strategy to counter the recession prevailed. However, parallels are often drawn between the Europe 2020 Strategy and its predecessor, the Lisbon Strategy. Even before the launch of the Strategy, a side notation of an article expressed: "Lisbon is dead. Long live Lisbon."<sup>21</sup> After the launch of the Europe 2020 Strategy, news articles explained its very ambitious goals. Still – and maybe because of "Lisbon" – questions arose on the degree of enforceability. Dutch Member of the European Parliament Sophie in 't Veld was quoted in saying, "I do not yet see how Barroso thinks to realise these beautiful plans this time."<sup>22</sup> Individual Ministers also reacted on the Strategy in the media. The Minister of Economic Affairs Maria van der

Hoeven expressed the opinion that poverty reduction does not need to be an explicit goal, for if you provide people with jobs and if they are well educated, that is also a type of poverty reduction. In reaction to the Europe 2020 Strategy, Minister of Social Affairs Piet-Hein Donner stated that he was disappointed about the retirement age of 64. He would have liked to see an increase of this age. Currently a fierce debate is underway in the Netherlands about raising the retirement age from 65 to 67. This debate will continue within the new coalition after the general elections of 9 June 2010.

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<sup>1</sup> Martin Visser: Brussel ziet grote onzekerheden rond Griekse bezuinigingsplannen; Commissaris Almunia: eurolanden kunnen problemen aan zonder hulp van IMF, Financieel Dagblad, 4 February 2010; Financieel Dagblad: EU zint op Grieks noodplan: Duitsers overwegen financiële steun, Trichet schuift aan bij Europese top, 10 February 2010.

<sup>2</sup> Melle Garschagen: Geen Cent voor de Grieken, NRC Next, 12 February 2010.

<sup>3</sup> Marc Peepkorn: Confrontatie over Griekse noodhulp, De Volkskrant, 25 March 2010.

<sup>4</sup> De Volkskrant: Frans-Duits compromis over hulp aan Griekenland, 25 March 2010.

<sup>5</sup> Eerste Kamer, Algemene Europese beschouwingen, 20 April 2010, 26-1082.

<sup>6</sup> Marc Peepkorn: EU-Leiders vechten voor de eurozone, De Volkskrant, 6 March 2010.

<sup>7</sup> De Volkskrant: Leiders eurolanden willen paniek bezweren, 7 May 2010.

<sup>8</sup> Ibid.

<sup>9</sup> De Volkskrant: CDA en VVD steunen noodplan Europese Unie, 10 May 2010.

<sup>10</sup> De Volkskrant: Kamer steunt reddingsplan euro, 11 May 2010.

<sup>11</sup> Marc Peepkorn: Hoofdrol voor De Jager bij operatie 'Geen blanco cheque', De Volkskrant, 11 May 2010.

<sup>12</sup> Eerste Kamer: Algemene Europese beschouwingen, 20 April 2010, 26-1119.

<sup>13</sup> Tweede Kamer: vergaderjaar 2009-2010, 21 501-02, nr. 958, 6-11.

<sup>14</sup> NRC Handelsblad: Geen controle begroting EU-landen door Brussel, 18 May 2010.

<sup>15</sup> Eerste Kamer: Algemene Europese beschouwingen, 20 April 2010, 26-1120.

<sup>16</sup> Kamerstukken I 2009 – 2010, 22112, DP, p. 2-3.

<sup>17</sup> Kamerstukken II 2009 – 2010, 21501-02, nr. 958, p. 10-11.

<sup>18</sup> Ibid.

<sup>19</sup> Kamerstukken I 2009 – 2010, 22112, DP, p. 2-3.

<sup>20</sup> Ibid., p. 15.

<sup>21</sup> Financieel Dagblad: Europa zoekt economisch doel na mislukte Lissabon-strategie, 9 January 2010.

<sup>22</sup> Financieel Dagblad: Veel kritiek op nieuwe EU-doelen, 4 March 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?