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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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Sweden**A Eurozone outsider ready to give financial support**

Gunilla Herolf*

The financial package regarding Greece, which was agreed on by the Euro countries at the European Council meeting on 25/26 March 2010, and their preparedness to support Greece if asked to do so was assessed positively. Prime Minister Fredrik Reinfeldt, when commenting on this agreement, also saw IMF participation in such a rescue operation as very positive, since the International Monetary Fund (IMF) has the expertise needed and is a long-term partner that can assist a country in need of vast and difficult reforms. He had problems, he said, in understanding why some countries were against this, not least since Iceland and Latvia, as well as other countries, are already using IMF programmes. Sweden, being outside the Euro area, had minimal influence on the package; nonetheless, the Prime Minister was quite content with the substance of this agreement.¹

On 10 May 2010, Sweden declared itself ready to give financial support to countries now in a crisis situation. This was in addition to the joint EU support to which Sweden had contributed a few days earlier. If seeking loans from Sweden, countries in need would, however, be required to take action of a kind that would protect Swedish taxpayers' money. Previously, large loans had been given to Iceland and to Latvia. Finance Minister Anders Borg explained this offer with the Swedish dependence on export, which is higher than that of many other countries. Without functioning credit markets in Europe, no Scania trucks could be sold, he declared. The present agreements were, however, not sufficient: "We have gained some time, but if we do not solve the underlying problems we will be back in the same situation within a year or two", the Finance Minister claimed.²

Lessons to be drawn for reform of the Stability and Growth Pact?

Much has been written in Swedish newspapers about the Greek problems, including corruption, its early retirement age, etc., but also about the way in which Euro countries have disregarded the stipulations of the Stability and Growth Pact already from its inception. As the newspapers have described it, the disregard for the rules was the main problem behind the fact that Greece was allowed to sink to this level before any action was taken. Germany and France were among the first countries to break the rules of the Stability and Growth Pact. The Greek problems had been well known for years without any action taken. Today, all 16 Eurozone countries have a budget deficit above three percent of Gross Domestic product (GDP) and 12 of 16 have a national debt that is higher than 60 percent of GDP.³ (Sweden has a budget deficit of 0.8 percent of GDP and a national debt that amounts to 42.8 percent of GDP.⁴) Criticism has also been directed towards the rating agencies (Spain still has an AAA rating with one of them) and against the European Central Bank (ECB), whose main task is said to be to check on the effects that the different developments in different Euro countries would have on credit.⁵

On a more positive note, it is also foreseen that, while the crisis in Greece has made clear the weaknesses of the Euro with more rules, more control and deeper financial cooperation, the Monetary Union can actually be strengthened. In addition, one should also consider that the present crisis is not only due to laxity of the EU's control mechanism but also to structural problems that may look different in different countries and therefore need different remedies.⁶

Coordination of economic policies

The Prime Minister referred to voices arguing for stronger economic coordination, but saw this as primarily relevant for the Euro countries. The Swedish view, he said, was that we should use the means that the treaty and the regulations give us. Within this framework, Sweden positively regards good coordination. Furthermore, he saw it as unlikely that any person who had been involved in the last few years' events would come forward with an initiative to start a process of treaty changes. The present framework could be used better, but this is about coordination rather than supranational governance.

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On 12 May 2010, José Manuel Barroso and Olli Rehn put forward the proposal that all EU member states should submit their budget proposals to the Commission for scrutiny of its soundness. The Swedish government and opposition dismissed this proposal immediately.⁷

The finance ministers' meeting on 18 May 2010, which resulted in a number of decisions, was characterised by Anders Borg as "too little and too late." At the meeting, the finance ministers did not give a final judgment on the austerity measures presented by Spain and Portugal. Borg's view was that the goals should be more ambitious than the one decided on in December 2009, according to which the maximum budget deficit would be three percent of GDP by 2013. This is not enough, he said. Countries have to make savings on a higher level in order to reduce their levels of debt. He also welcomed the proposal for stricter rules for hedge funds. Borg again expressed his negative view on the idea that the Commission would scrutinise budget proposals. Only broad guidelines for Swedish economic policy within the budget would be submitted, according to Borg.⁸

The German prohibition against naked short selling received negative reviews in Sweden. Representatives of Swedish banks were unanimous in seeing it as unfortunate, since rather than calming down markets it had led to the opposite effect. They also deplored the fact that Germany did this unilaterally, without consulting with other countries, seeing instead a need for European countries to act jointly to find solutions to this common problem.⁹

A number of Swedish concerns and ideas as regards the Europe 2020 Strategy were included in the Sustainability Development Strategy Report, which was accepted during the Swedish Presidency. These are fairly well covered in the headline targets brought up in the Europe 2020 Strategy. Among the opposition parties, some would have preferred to include more targets; however, the Prime Minister found that limiting oneself to five would give a better focus on activities.

Among the five headline targets brought up in the Europe 2020 Strategy, Sweden contributed to changes of several formulations. As for the first headline target, the final formulation "aiming to raise the employment rate for women and men aged 20-64, etc. to 75 percent" was accepted after Sweden had intervened against the previous formulation in which women and men were not mentioned together, but instead the low level of female employment was seen as one among other particular issues to address. The reason for Reinfeldt's demand for change was his view that women should not be treated as a subgroup, but as participants in the work force on the same level as men. Reinfeldt was content with the discussion that had taken place on this point and his hope was that some changes would take place in countries in which laws (such as joint taxation of husband and wife) and deficiencies (such as lack of good day care for children, etc.) constitute hurdles for women who wish to work outside home. The participation of women is furthermore, as he expressed to the parliamentary committee on EU affairs, not only a question of gender equality but also strongly related to economic progress. He pointed to studies showing that increased participation may lead to increases in EU GDP by 15-20 percent. The issue of female participation in the work force should also be seen in connection with the age of retirement. Here, Reinfeldt pointed to the differences among European countries, declaring that if people are allowed to retire between 50 and 55 years of age, while at the same time receiving tax financed welfare, problems in public finances should come as no surprise.¹⁰

In the discussions on this issue in the parliamentary committee on European affairs, a Social Democratic (SAP) member of the committee voiced her fear that some countries might see the 75 percent goal as an average figure, meaning that they would find it appropriate that 90 percent of men and 70 percent of women were employed. State Secretary Frank Belfrage of the Ministry for Foreign Affairs agreed with her that such an interpretation was possible, but promised that the government would watch out for this.¹¹ State Secretary Amelie von Zweigbergk agreed as well and pointed to the laws and hurdles which make it unprofitable or difficult for women in some countries to work. She assured the opposition that, while this is not an issue in Sweden, Sweden pursues solutions for these problems in a European context and that in this it has the support of many Nordic neighbours.¹² The opposition parties, the Social Democrats, the Left Party (V) and the Green Party, were, however, not satisfied with this. A clearer formulation, they argued, should have been suggested by the Prime Minister, in which it was obvious that the goal should be that 75 percent of men and 75 percent of women between 20 and 64 should be active in work outside home.¹³

For the fifth headline target, Sweden had also acted to bring about changes in the formulations: The Swedish argument was that issues concerning social exclusion and social cohesion should be the overriding goals for this target. The specific problem today is that one of three unemployed in the EU

has been without work for more than one year. This is serious and tends to increase both economic and social exclusion. This was also the outcome in the final formulation of the fifth headline target, which reads as follows: "promoting social inclusion, in particular through the reduction of poverty." Like in the case of female participation in the work force, the concern for social inclusion is deemed to contribute to a more stable and integrated society.¹⁴

The third headline target, concerning reduction of greenhouse gas emissions, is again a strong Swedish interest and Sweden was active in its formulation, including not only the previously agreed target of a 20 percent reduction compared to 1990 levels but also the goal of a 30 percent reduction. State Secretary Frank Belfrage described this as a conflictual issue since all member countries do not feel as strongly as Sweden about including the 30 percent reduction perspective. The goal of including them (with the provision that other developed countries commit themselves to comparable emission reductions and the developing countries contribute adequately according to their responsibilities and respective capabilities) was achieved, however. This means that this goal is now anchored and part of EU politics. As expressed by State Secretary Amelie von Zweigbergk, Sweden sees the national process of achieving the agreed goals as very important since this is the way in which the EU 2020 Strategy will be realised. In Sweden, she said, the goals will be well anchored within the national political decision-making process.¹⁵ All the political parties are in agreement on this policy.

A further concern for Sweden related to the Europe 2020 Strategy is that of protectionism. At the March European Council, Fredrik Reinfeldt brought up protectionism as detrimental within the EU, seeing this as a shortsighted policy that will not help in creating work but rather operates in the opposite direction due to the reduced trade that it creates.¹⁶

Lena Ek, Swedish Centre Party Member of European Parliament (MEP) and head negotiator for the European Parliament on the Europe 2020 Strategy, has argued that concrete institutional reforms are now needed in order for the Strategy not to fail, as the Lisbon Strategy had. She has four main ideas: (1) Responsibility for control and follow-up of the Strategy should rest mainly with the Commission, not with the Council, since member states have simply not been capable to put pressure on each other. (2) When a member state cheats with goals and lies with statistics, this must have some consequences and she suggests reduction in the financial support given to it. (3) The internal market must be completed, also in areas such as services and energy. This is in order to prevent the protectionism of which one can see tendencies among EU governments today. (4) It is necessary that the Council of Ministers openly discuss whether and to which extent states heed the goals. Reports produced by the Commission should be discussed openly before Council meetings, giving the possibility for national parliaments and the European Parliament to debate these issues. In this way, further pressure could be put on the individual governments.¹⁷

¹ Parliamentary Committee on EU Affairs, 30 March 2010, pp.1 and 8.

² Jacob Bursell: Sverige redo ge akutstöd [Sweden prepared to give emergency support], Svenska Dagbladet, Näringsliv [Trade and Industry], 11 May 2010, p. 8.

³ Mats Hallgren: Samarbetet blir aldrig vad det varit [Cooperation will never again return to what it was], Svenska Dagbladet, Näringsliv, 7 May 2010, pp. 6-7; Peter Wolodarski: Stormen före stålbadet [The storm before the steel bath], Dagens Nyheter, 2 May 2010, p. 4.

⁴ Council of the European Union: Council Opinion on the updated Convergence Programme of Sweden 2009-2012, Doc. 9104/10, pp. 3 and 7.

⁵ Per Lindvall: ECB bär skulden [ECB is to blame], Svenska Dagbladet, Näringsliv, 10 May 2010, p. 6.

⁶ Dagens Nyheter: Efter stormen [After the storm], 7 May 2010, p. 2.

⁷ Swedish Television: news programme Rapport, 12 May 2010.

⁸ Marianne Björklund: Borg vill höja budgetkraven [Borg wants to increase budget requirements], Dagens Nyheter, Ekonomi [Economy], 19 May 2010, p. 6.

⁹ Sara L. Brånström: Onödig kamp mot finansmarknaden [Unnecessary fight against the financial market], Svenska Dagbladet, 20 May 2010.

¹⁰ Fredrik Reinfeldt before the Parliamentary Committee on EU Affairs, 30 March 2010, pp.1-7.

¹¹ Christina Axelsson and Frank Belfrage before the Parliamentary Committee on EU Affairs, 23 April 2010, p. 4.

¹² Amelie von Zweigbergk before the Parliamentary Committee on EU Affairs, 7 May 2010, p. 3.

¹³ Parliamentary Committee on EU Affairs, 7 May 2010, p. 3.

¹⁴ Fredrik Reinfeldt before the Parliamentary Committee on EU Affairs, 30 March 2010, pp. 1-2.

¹⁵ Frank Belfrage before the Parliamentary Committee on EU Affairs, 23 April 2010, p. 2; Amelie von Zweigbergk before the Parliamentary Committee on EU Affairs, 7 May 2010, p. 2.

¹⁶ Fredrik Reinfeldt before the Parliamentary Committee on EU Affairs, 30 March 2010, p. 3.

¹⁷ Lena Ek, MEP and head negotiator for Europa 2020 in the European Parliament: Så vill parlamentet sätta tänder på EU:s papperstiger [This is the way in which the parliament wants to put teeth in the EU's paper tiger], DN Debate, Dagens Nyheter, 24 March 2010, p. 5.

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?