



Executive summary

Research institutes from EU-27 plus Croatia and Turkey have been asked to analyse national positions on current developments in European politics, particularly, the Irish voters' rejection of the Lisbon Treaty. This brief provides a summary of the Danish contribution to the EU-27 Watch no. 7, 2008 and concludes with a brief look to the comparative results of all the country reports.

The Irish No and the following uncertainty of the future of the Lisbon Treaty had a significant impact on the Danish opt-outs as it resulted in the postponement of the referendum plans to lift one or more of the four opt-outs. Furthermore, the positive attitude of the Danes to abolish the opt-outs seemed to have decreased and by the time of writing the report, the only opt-out that the Danes were in favour of abolishing was the defence policy opt-out. The Danish Prime Minister, Anders Fogh Rasmussen, was thought to be one of the favourite candidates for the position as President of the European Council, but the Irish No might change the picture since his chances are believed to be related to his ability to remove the Danish opt-outs.

In the remaining member states different implications of the Irish No for the future of Europe are discussed such as the slowdown of the process of enlargement, a two-speed EU and the communication gap between political elites and citizens. Despite these negative implications, the strong consensus to continue ratification irrespectively of the Irish No marks a significant difference to the ratification crisis of 2005.

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EU 27, Croatia and Turkey are watching: with or without the Lisbon Treaty

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EU-27 Watch is part of EU-CONSENT, a network of excellence for joint research and teaching comprising more than 50 research institutes that addresses questions of the mutual reinforcing effects of deepening and widening of the EU. EU-CONSENT is supported by the European Union's 6th Framework Programme.

INTRODUCTION

The enlarged EU of 27 members is in a process of reshaping its constitutional and political order, continuing membership talks with candidate countries, and taking on new obligations in international politics. The EU 25/27 Watch project sheds light on key issues and challenges of European integration. Institutes from all 27 EU member states, and from Croatia and Turkey as well, are participating in the project. The aim is to give a fuller, comparative picture of debates on European integration and current developments in European politics in each of these countries.

In the new No. 7 edition of *EU 27 Watch*, 29 research institutes were asked to analyse national positions on the following issues: *EU after the Irish referendum, French Presidency and the future of the EU, public opinion and European integration, political leadership in the EU, concentric circles around the EU, and the first ten years of the Euro.*

This brief summarizes the Danish contribution to *EU 27 Watch* No. 7 by researchers at the Danish Institute for International Studies (DIIS) - Maja Kluger Rasmussen and Jesper Kelstrup - and concludes with a brief look at the comparative results of all the country reports (*EU 27 Watch*, Introduction, by Barbara Lippert and Tanja Leppik Bork).

THE IRISH 'NO' AND THE IMPACT ON THE DANISH OPT-OUTS

The Irish voters' rejection of the Lisbon Treaty was met with disappointment by the Danish government and the pro-EU parties, but with enthusiasm by the parties and movements that oppose adoption of the treaty by Denmark without a referendum.

There is general agreement in the Danish Parliament ('Folketing') that reform of the Lisbon Treaty is not an option, since the treaty is already a political compromise between competing interests; therefore, changing the treaty text would open a 'pandora's box' and (re)start a never-ending process.

The Danish Prime Minister, Anders Fogh Rasmussen, has recommended that Ireland negotiate opt-outs from the Lisbon Treaty, but should be cautious about 'cherry picking' from the document. The Danish model of 1992 could be a model for Ireland. The reference here is to the four Danish opt-outs from 1992 that enabled Denmark to endorse the Maastricht Treaty after an initial thumbs-down to the referendum.

The Irish 'No' to the Lisbon Treaty also has a significant impact on the Danish opt-outs. Prior to the Lisbon Treaty referendum in Ireland, it seemed likely that the Danish opt-outs regarding supranational co-operation on Justice and Home Affairs (JHA) and defence policy would be put to a referendum in autumn 2008. However, after the Irish voters' rejection of the Lisbon Treaty and the following uncertainty about the Treaty's future, it is uncertain whether Denmark will have a referendum on one or more opt-outs in the near future.

THE FRENCH PRESIDENCY'S AGENDA IS REGARDED AS AMBITIOUS IN DENMARK

With its wide focus on energy, defence and migration, in addition to the institutional issues regarding the future of the Lisbon Treaty, the French Presidency's agenda is considered ambitious in Denmark. The

general expectation regarding the French Presidency is mixed. The Danish government and parliament support the priorities of the French Presidency on most points: The French focus on energy is seen as a welcome step for Denmark, which considers itself a front runner in the further development of sustainable energy. Furthermore, prioritization of climate change is in tune with the global United Nations Climate Change Conference 'COP15' to be held in Copenhagen in December 2009.

The official Danish position towards developing the military dimension of European Security and Defence Policy (ESDP) and the intention of the French Presidency to strengthen ties with NATO are viewed as positive. The Danish government also supports the French immigration efforts and wants to enhance this area of EU co-operation. Yet, due to the heated Danish debate, the relatively tight rules on family unification, and the Danish EU opt-out from the JHA policy area, migration policy is a sensitive policy issue in Denmark.

The Danish government and parliament support liberalizing the Common Agricultural Policy. This is, however, in opposition to French wishes to defend the current model. While the ambitious agenda may set EU in motion, it may be of concern from a Danish point of view if Nicolas Sarkozy creates too many unresolved EU issues before any possible referenda on the Danish opt-outs.

PUBLIC OPINION AND EUROPEAN INTEGRATION: FOCUS ON DANISH OPT-OUTS

According to the latest Eurobarometer survey, the percentage of the Danish population that has a positive image of the EU is in line with the EU average. The perception of the benefits of EU membership is significantly above average in Denmark (77 percent in Denmark vs. 54 percent in the EU). No Danish poll has been carried out in Denmark to measure the general perception of the EU in the spring of 2008. The Danish EU focus has recently been on the Danish opt-outs from European Security Defence Policy, Justice and Home Affairs, the Euro, and Union citizenship. According to a survey made by 'Gallup' from January 2008, there was support to abolish all three opt-outs: defence policy (60 percent), JHA (58 percent), and the Euro (50 percent). Danes' positive attitude toward abolishing the opt-outs seemed, however, to have decreased. According to a poll by 'Capacent Epinion', Danes are presently in favour of abolishing only the defence policy opt-out.

POLITICAL LEADERSHIP IN THE EU: RASMUSSEN FOR PRESIDENT?

In relation to political leadership in the EU, it is widely thought in Denmark that Prime Minister Anders Fogh Rasmussen aspires to the position as President of the European Council, if he can gain the necessary support. Besides Rasmussen, Britain's Tony Blair and Jean-Claude Juncker of Luxembourg are thought to be favourites for the job; yet many, including the BBC, estimate Rasmussen to be a favourite for the job. The Prime Minister himself, however, has not formally announced his candidature.

Rasmussen's chances for beating his competitors are believed to be related to his ability to remove the Danish opt-outs. The Euro opt-out is of special concern in this regard as the French Secretary of State for Europe, Jean-Pierre Jouyet, has declared that the President of the European Council should be from a country that participates fully in EU's economic cooperation. Speculations about Rasmussen have received much attention in Denmark; but this is due more to domestic speculations about the implications for Danish politics 'after Prime Minister Rasmussen' than to the concerns and expectations about the outcome of the possible introduction of a new political leadership structure in the EU.

CONCENTRIC CIRCLES AROUND THE EU: TARGET AND ADAPT ENP TO DIFFERENT COUNTRIES AND REGIONS

The Danish government finds that the European Neighbourhood Policy (ENP) should be a merit-based system, in the sense that each country's level of co-operation with the EU depends on how willing and successful each ENP country has been in undertaking reforms. This would open the door for mutually permeable concentric circles, similar to EU's policies towards the Mediterranean, with different speeds of integration depending on the speed of democratic and market reforms undertaken in each of the EU's neighbouring countries. Generally, the Danish government finds it important to target and adapt the ENP to the situation and challenges of individual countries and regions. In this respect, Denmark sees different challenges and needs for the Southern ENP regions compared to those in the East. The challenges in the

Southern ENP regions are centred on counteracting radicalization, terrorism and political instability, whereas the challenges for the eastern ENP regions are related to securing human rights and freedom of the media and combating human trafficking.

THE FIRST TEN YEARS OF THE EURO

Denmark does not participate in the third stage of European Economic and Monetary Union, due to the Danish Euro opt-out. The Danish *Krone*, however, is closely tied to the Euro through the fixed exchange rate policy and Denmark's participation in the fixed exchange rate cooperation, ERM II (Exchange Rate Mechanism two). Danes last voted on whether or not to adopt the Euro in 2000, when the measure was rejected by 53.2 percent of the voters.

The discourse on the Euro prior to its introduction and in its infant years focused mainly on uncertainty about how well the Euro would perform, and on whether Denmark could benefit at all from Euro membership. Today – nearly ten years after introducing the Euro – the debate has changed. The Euro has proven to be a strong currency and the European Central Bank (ECB) to be a credible actor. Disagreements now revolve on whether or not it is beneficial for Denmark to pursue its own monetary policy during a severe crisis involving asymmetric economic developments within the EU. The recently published DIIS investigation analyses the consequences of Denmark's Euro opt-out from both an economic and political perspective. It draws two main conclusions:

1. During stable economic periods, some smaller but inevitable costs are incurred by not being a Eurozone member.

During unstable periods for the Danish economy, however, the costs of remaining outside the Eurozone are hard to estimate, but they can be high.

2. The Danish Euro opt-out's greatest significance for Denmark is in relation to political influence on the development of EU's economic and monetary policy. Denmark does not participate in the Eurogroup, which is presently the forum where agreement is reached on many questions of broader economic relevance that also affect Denmark. Nor does Denmark participate in the European Central Bank's Governing Council, which sets the Euro area's interest rate and therefore also the Danish interest rate.

The eight Danish parties in parliament are split in half on whether to maintain or lift the Danish Euro opt-out. The political parties, business leaders and trade unions in favour of lifting the Euro opt-out, believe that Euro membership will protect Denmark's economy during economically unstable periods and boost its influence within the European Union. However, the parties against introducing the Euro fear an erosion of Danish sovereignty; they are concerned that adopting the Euro would mean less say for Danes in how their economy is managed.

THE COMPARATIVE PICTURE

The Irish 'No' in June 2008 was a blow to all expectations that the 10-year reform process of the treaty basis for the EU could now be concluded. Such routine solutions as amendments, a second Irish referendum, or

opt-outs for Ireland were proposed by the member states and discussed. The strong consensus that, this time, the ratification will continue, despite the Irish 'No', marks a significant difference from the ratification crisis of 2005.

In the member states, different implications of the 'No' for the future of Europe are being discussed. Understandably, Croatia and Turkey fear becoming victims of the current deadlock. In Germany, Chancellor Merkel saw a dim future for enlargement, and in France President Sarkozy underlined that "to be able to open to the Balkans, to Croatia, we need the Lisbon Treaty. If we want the enlargement, and we want the enlargement, we need new institutions".

The Irish 'No' also triggers fears or hopes in member states with regard to a two-speed EU or an EU of internal concentric circles. **European Neighbourhood Policy** (ENP) will probably also survive, because the EU lacks a consolidated strategic vision of how to deal with its neighbours. While some member states, like Poland, the Czech Republic, Estonia, and Lithuania, insist that there shall be no alternative to membership; others speculate vaguely about privileged partnership and about special status or relations between the EU and neighbouring third countries. However, the country reports on this issue were finalized before the Georgia-Russia crisis reminded the EU of lingering unresolved conflicts and brought new strains in relations with Russia.

When looking at the questions of **European citizenship**, the perceived communication gap and distance between the political elites and the citizens has developed into a permanent problem. The mainstream pro-EU parties lose out against both right-wing and left-wing sceptics and opponents.

Interestingly, anti-EU and populist tendencies in general seem not in sync with the positive trends in public support for EU integration in old member states (for example, Belgium, Denmark, Netherlands) and new ones (for example, Poland, Romania). In Estonia, fear of Russia triggers a high level of support, while the idea of the EU as a protector against the storms of globalization is a source of support in France and Luxembourg. Opposite trends are reported in Austria, Finland, Hungary, Italy and the UK. The reports offer different explanations for the low level of support: in Hungary for example, the low level of support is explained by a lack of information and the fact that “living standards in Hungary have hardly improved” during the last four years; while the low level of support in Austria is seen as a sign of a “very deep-rooted scepticism of the Austrian population towards the European Union”. It will be important to see, for example in connection with the European Parliament elections in June 2009, whether EU citizens will develop more stable attitudes towards the EU or will vote in a more volatile way.

The soon **ten-year-old Euro**, the common currency of the EU, does not appear to contribute significantly to the development of a common identity, as some had hoped it

would. Economic tensions in an ever-broader EU, which is strongly integrated into the global finance system, cause concern in many member states. Therefore, the tenth anniversary of the Euro on 1 January 2009 will probably occasion mixed comments on its successes, which, depending on the success of the joint EU response to the global financial crisis, may be superseded by pressing concerns over high prices and inflation in nearly all member states.

This new edition of *EU 27 Watch* shows that life without the Lisbon Treaty has a negative impact on many of the 27 member states. Furthermore, the process of enlargement has been postponed or slowed down, to the great disappointment of the candidate countries. In the Danish case, a referendum to lift at least one of the four opt-outs was on the agenda for autumn 2008, until Irish voters rejected the Lisbon treaty. However, EU institutions and EU governments are trained in sub-optimal solutions, and recalling that the Lisbon Treaty is already a plan B seems to mitigate the damage so that it is less frightening this time. Reading and analysing the country reports is reassuring, in the sense that EU remains robust even when the tides of European integration sweep away some of the castles built on too high expectations.

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