Cameron’s letter: European views on the UK’s renegotiation

On 10 November, David Cameron formally sent a letter to the President of the European Council, Donald Tusk, outlining his aims for the planned renegotiation of the UK’s EU membership. The success or failure of the renegotiation will depend to a large extent on how the other 27 EU member states respond to his proposals. But how do countries across the EU view the process? Building on a report published in 2014 by the German Council on Foreign Relations, EUROPP is running a series of overviews of the renegotiation from each of the EU’s member states. Compiled by the LSE’s Tim Oliver and written by authors based at universities and research institutions, the overviews set out what discussion – if any – there has been about the renegotiation and the wider views within each country on the renegotiation and a potential Brexit. This post compiles all of the responses in the series, with a final view from Germany, Greece, Slovakia and the EU institutions to be published on 11 November.

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Austria: After Brexit and Grexit, could Aexit be next?

Austria’s media and consequently its public has paid much more attention to the consequences of a potential Grexit than to the consequences of a Brexit or Britain’s attempt at a renegotiation of its EU membership. Whilst
Austria is a Eurozone member and it is therefore only natural to be interested in the fate of the euro and Greece, the relatively limited public interest in the prospect of the UK leaving the EU is worrying.

Most references to a Brexit or renegotiation have thus far been linked to the implications for Britain, instead of for Austria or for the EU as a whole. The underlying premise is that Britain’s problems with the EU are a British problem and the British government and people should deal with them. The coming Brexit referendum has already strengthened the Eurosceptic camp in Austria, and a renegotiation of Britain’s EU membership terms or an exit from the EU will reinforce them even more.

A petition in Austria demanding an ‘Auxit’ referendum succeeded in collecting as many as 261,159 signatures (4.12 per cent of the electorate) in only one week (the week beginning 24 June 2015). This may not be a huge number, but compared to a similar petition in 2000 the current petition scored 67,258 signatures more and surprised many. Furthermore, the formal threshold of 100,000 signatures was crossed, which means that the Austrian parliament is obliged to discuss the matter in a plenary session.

The petition outcome is not binding. Given that it was not organised or supported by a particular political party, the likelihood that the parliament will adopt the call for a referendum is essentially nil. Nevertheless, this is yet another indication that Euroscepticism in Austria is growing not only in public opinion polls, but also in terms of actual political power.

A successful Brexit would be butter on the bread of the far-right Freedom Party (FPÖ). The latter is not demanding a complete withdrawal from the EU, but its current leader (H. C. Strache) is inspired by David Cameron’s stance and is supporting the idea of a renegotiation of Austria’s memberships terms. Other parties in Austria therefore view the idea of a UK renegotiation of its membership with some trepidation, seeing in it the opening of a Pandora’s box of problems that could fuel support in Austria for a similar deal or Auxit.

The prospects of Brexit, Grexit and even Auxit, in addition to comparable developments elsewhere in Europe (e.g. Iceland revoking its EU membership application, or Switzerland restricting the number of
EU citizens in its territory), can be interpreted as a sign of the declining attractiveness of EU membership. Austria may be still a long way from formally turning its back to the EU, but it seems that the UK’s push for a renegotiation and forthcoming in/out referendum have helped Austria take a small step in that direction. More are likely to follow if Britain’s threat to abandon the EU bears fruit.

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Belgium: The Belgian view is that European challenges can only be tackled through deepening European integration

Aside from crises such as that over Greece’s place in the Eurozone or the ongoing refugee situation, European subjects do not attract much public attention in Belgium. It is therefore not surprising that the negotiations between the UK and the rest of the EU have not been particularly salient in media and public debates.

This is not helped by the secrecy surrounding British demands. What is known of the reforms demanded by the British government remain vague: no domination of the EU by the Eurozone, an opt-out from “ever closer union”, an increased role for national parliaments, less “red tape” for businesses, more free trade with the rest of the world, and changes to in-work benefits for EU migrants in the UK.

When Charles Michel, the Belgian Prime Minister, met David Cameron in June, he admitted that the latter had explained his position and strategy but did not want to unveil it fully. This is of course part of the negotiation game: to keep one’s position secret while trying to detect the other’s. This also explains the reluctance by the governments of many member states – with Belgium as no exception – to respond to questions about UK demands.

This being said, the UK position seems to have been welcomed, albeit with some scepticism, by the Belgian government. If the Belgian Prime
Minister showed a clear willingness to listen to Cameron during his tour of European capitals, he nonetheless expressed important reservations concerning the renegotiation process. While he agreed that the EU should be reformed to become more competitive and efficient, to fight against social dumping and create growth and jobs, he insisted that these negotiations should not end up dismantling Europe.

The “red lines” for the Belgian government are therefore that the core European principles of free movement and non-discrimination should be untouched and that there should be no veto powers granted to national parliaments, since this would amount to institutional gridlock for the European Union. Charles Michel also warned that the British could not seek a deal where the UK has only the advantages of belonging to the EU while leaving the inconvenient aspects for others.

It should be noted here that during the European Council on 25-26 June, the Belgian Prime Minister was the only one to respond to David Cameron’s comment on his referendum project. He highlighted the importance of involving all member states and the European commission in this project, in order to avoid Britain trying to present a “fait accompli” at the December European summit based on limited discussions with only a few member states.

All these statements are consistent with a widespread view in Belgium, particularly within the Liberal party led government, that numerous current challenges for Europeans can be tackled only if one deepens European integration. From that perspective, the Belgian foreign affairs Minister Didier Reynders even defends the necessity to push for European federalism, particularly within the Eurozone. This does not necessarily present an obstacle to Britain’s desire to distance itself from some of the EU’s policies and institutions. Other member states such as Germany or France have also indicated they may be willing to accommodate some of Britain’s demands while at the same time strengthening the governance of the Eurozone.

One of the reasons why the federalist approach, still very much present in Belgian politics, is not at odds with all of Britain’s desired reforms is that some of them are ideologically attuned to the liberal-conservative agenda of the current Belgian government. More specifically, the willingness to cut “red tape”, strengthen the single market or increase trade agreements with the rest of the world is not only very compatible...
with some current EU policies (the agenda for “better regulation” for instance or the Transatlantic Trade and Investment Partnership negotiations). It is also very much supported by most right wing political groups.

Yet, the Belgian government is a coalition of liberals, social Christians and Flemish nationalists, whose political agreement involves similar objectives. It might be useful to note here that these demands are the ones that trigger the most support elsewhere in the EU. Nevertheless, there are internal divisions within the Belgian government on the issue of migration and non-discrimination. Indeed, Bart de Wever, the leader of the Flemish nationalist Party NVA (belonging to the same “European Conservatives and Reformists” group as the Conservative Party inside the European Parliament) has supported the British demand for tough national limitations on migrations within the EU.

Some of these divisions might indicate that the issue of “Brexit” is not only one that can be understood along national lines, but is an issue that also requires an analysis of ideological convergences and divergences both within and across member states. This is all the more important since the supranational institutions which could be involved in designing the reforms wanted by Britain’s Conservatives are characterised by ideological as much as national opposition.

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Bulgaria: Brexit has been overshadowed by Ukraine, Grexit and the refugee crisis

The Conservative party’s May 2015 election victory has put real flesh on David Cameron’s January 2013 pledge to hold a referendum on the UK’s EU membership. Despite this, Cameron’s pledge resulted in more public debate and media reporting in Bulgaria than the 2015 election result. Brexit has been overshadowed by the Ukrainian crisis, Russia’s geopolitical game around the South Stream pipeline project, the potential danger of a Grexit, and last but not least the refugee crisis in the Mediterranean.
It is important to note two further things about UK-Bulgarian relations. First, anti-EU attitudes remain marginal in Bulgaria and go hand in hand with pro-Russia and pro-Putin sentiments. This means any affinity between Bulgarian and British Euroscepticism is extremely difficult. Second, given that British renegotiation demands are still vague and in a state of development, there are no explicit Bulgarian views on them except the view that they should be accommodated without treaty changes.

There have been two most relevant high-level contacts on Britain’s EU reform agenda. The first was a meeting in January 2015 between the UK Foreign Secretary and Bulgaria’s Foreign Minister. The second time Philip Hammond and Daniel Mitov met was in London in June 2015. The first meeting led to the impression that UK concerns about “benefit tourism” had the potential to cause tensions with Bulgaria. Yet the meeting also led to Minister Mitov’s public statement: “I cannot imagine a European Union without the United Kingdom”. In their joint June statement the two ministers demonstrated general agreement on virtually all relevant issues on the UK’s EU reform agenda.

One of the UK’s biggest concerns – migration – is reported to have been discussed with mutual understanding for the rather different concerns on both sides. The UK made clear its concerns about abuse of the UK’s welfare system, while Bulgaria made clear that – like other EU member states – the freedom of movement of people to work is a “red line”.

The two ministers agreed “on the need to develop an EU that is more competitive, democratically accountable and fair to all member states, whether part of the euro or not”. Both the UK (with its opt-outs) and Bulgaria (not yet part of the Eurozone) have common concerns. Bulgaria can therefore be expected to favour any safeguards that guarantee it will not become subject to economic policy decisions without being involved in or informed about the decision making process.

Last but not least, the two ministers expressed their governments’ commitment to complete the Single Market in services (including financial services), digital and energy; to reduce the regulatory burden on business, especially Small and Medium sized Enterprises; to finalise
ambitious Free Trade Agreements, including the EU-US Free Trade Agreement, and to communicate its benefits.

Finally, Bulgaria and Estonia are due to chair the EU’s presidency in 2018, with them forming party of the EU’s Troika Presidency in 2017. The UK’s Foreign Office has given its Bulgarian and Estonian partners assurances that the UK’s involvement will not be affected by the referendum (due by early 2017), whatever the outcome might be. There are no opinion polls on what Bulgarians believe the outcome of the UK’s referendum will be, but it is likely a majority of Bulgarians would back continued British EU membership.

**Antoinette Primatarova – Center for Liberal Strategies, Sofia**

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**Croatia: Zagreb sympathises with the UK’s positions, but sees few short-term gains from a renegotiation**

In what is an election year in Croatia, very few topics not directly linked to local affairs have made their way into the mainstream public debate. Migration has slowly generated more interest due to the magnitude of the problem and the geographic location of Croatia, but the reforms to the EU that the British government has proposed have received limited attention.

Elections aside, another reason why more attention is not paid to these proposals is that they are rather vague and do not press Croatia to come up with clear positions. There is also a sense that whatever Croatia says, the crucial negotiations will be carried out by the big EU members and states mostly concerned with a possible Brexit. A June 2015 report by Global Counsel on the impact of a Brexit on EU member states placed Croatia in the least affected group of countries.

The European Affairs and the Foreign Affairs committees of the Croatian parliament, however, have discussed British proposals, although they have not reached any conclusions on the issue. The general impression from these debates, however, is that Croatia would
support the strengthening of the role of national parliaments in EU policy making. Croatia is already one of a few member states where national parliaments enjoy substantial rights in this area.

David Cameron can also count on some support from Croatian Prime Minister Milanović. The Croatian PM has expressed understanding that too much bureaucracy is stifling the Union’s competitiveness and favours cutting red tape and curbing the extension of powers of the Commission. Moreover, any negotiating of Eurozone safeguards for countries outside the euro area, Croatia being one of them, will be closely followed.

With respect to the influx of EU nationals seeking employment in the UK and the broader debate on migration, Milanović revealed genuine empathy for the situation the British government faces. Yet, the UK is one of five EU member states which in June 2015 decided to keep restrictions on the free mobility of Croatian workers for another three years. Thus, British attempts to change in-work benefits for EU workers in the UK do not, in the short run, affect Croatian citizens and are not a direct concern for the current government. However, the free movement of people is taken as one of the fundamental principles of the EU that needs to be protected and maintained.

The bottom line for Croatia is that there should be no treaty change, or at least there should be no opening up of the treaty framework which does not deliver comprehensive and better outcomes for all member states. A statement which allows for voluntary participation or individual adaptation to ‘ever closer union’ would probably be supported by Croatia, but unpacking the treaty framework seems too risky. As the newest member to succeed in joining the EU after extensive and arduous negotiations, Croatia would prefer to see compromise reached and the unity of the Union maintained rather than Britain leaving.

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Cyprus: Special ties with the UK will determine Cyprus's final stance

Cyprus is a former British colony and since the declaration of its independence in 1960, the UK has retained two military bases on the island and is also one of three countries responsible for guaranteeing its independence. Over the past decades, the two countries have developed multi-faceted relations that include political, economic, commercial, cultural and educational links. These relations were further strengthened following Cyprus' EU entry and its participation in the Single Market, with the UK being one of the three strongest trading partners for Cyprus. Indicatively, between 2009 and 2013, domestic exports to the UK more than doubled (above 6% of total exports) while the percentage of the services both exported and imported between Cyprus and the UK is around 20% for Cyprus. Additionally, more than 250,000 Cypriots live and study in the UK, tens of thousands of Britons live as permanent residents in Cyprus, and around a million UK tourists visit the island each year.

Given these deeply entrenched ties, the Cypriot government will not seek in any way to jeopardize British EU membership through its stance in the renegotiation process. As expected, this was reflected in a recent meeting between the Cypriot president Anastasiades and prime minister Cameron on 18 September 2015. A Downing Street press release stressed that President Anastasiades, "expressed his support for the UK's reform agenda, in particular the emphasis on greater competitiveness and a stronger role for national Parliaments".

Cypriot news has been dominated by the revival of the ‘Cyprus Problem’ and negotiations aiming for a reunification of the island, the Cypriot government’s struggle to lead the economy to recovery and Greece's financial saga. Consequently, the UK’s rather unorthodox approach in renegotiating certain aspects of its EU membership has not yet sparked any substantial interest. Nevertheless, Cyprus and the UK have a long-standing special relationship and it is this relationship that will largely shape the government’s final response when substantial negotiations get underway.
Even though the UK has not yet put forward specific demands for renegotiation, one can outline in general terms what these will be and, in turn, what the possible Cypriot responses might be.

*Making the EU more competitive, cutting red tape and further liberalising the single market:* Like the UK, Cyprus relies heavily on the financial services sector and, therefore, the two countries support further liberalisation and the elimination of all possible barriers in this sector of the EU's single market.

*Upgrading the role of national parliaments:* Cyprus will most likely favour proposals that could possibly tackle the 'democratic deficit' of the EU. This could be achieved by strengthening the role of national parliaments in the EU's decision-making processes, introducing for example a revised yellow-card system where national parliaments would have a more decisive role in influencing legislative proposals discussed at the European level.

*Revising the European Treaties:* Cyprus would probably align with other EU countries in arguing that there would be no beneficial effects from a revision of the European Treaties at this point in time. However, Cyprus would be expected to accommodate UK demands for an 'opt-out' on the phrase 'ever closer union' given that this would not have repercussions on other states.

*Curbing social benefits to EU citizens in the UK:* The Government of Cyprus is very sensitive when it comes to the application of the EU's basic freedoms. Agreeing to any sort of restriction to the free movement of people within the EU could create precedence with a possible negative effect for the ongoing peace talks over the 'Cyprus Problem'. The Cypriot government is likely to acknowledge the problems caused by abusers of the current social welfare systems in European countries and would consent to proposals that specifically tackle any such problematic cases. However, under no circumstances would the Cypriot government accept any derogation regarding the basic freedoms applicable within the EU.

In light of the above, one should therefore expect Cyprus to take a moderate and constructive stance on the British renegotiation with a view of not jeopardising the UK's EU membership.
Czech Republic: A desire to accommodate British demands, but without treaty changes

Britain’s attempt to renegotiate its EU membership has received little political and public attention in the Czech Republic. As in other Central European states, debate has been dominated by the ongoing migration crisis and the fight against the EU’s resettlement quotas. So far no Czech political leader has commented on the British demands and the Czech government has not adopted any position for the negotiations.

It is, however, clear that the Czech Republic strongly supports keeping the UK inside the EU. Britain has long been considered a natural ally in several policy areas. It strongly supports the single market, liberalisation of trade, a strong transatlantic partnership and the positions of both countries on other foreign policy issues are traditionally very similar. It is a shared opinion amongst Czech political leaders that a Brexit would harm the EU as well as Czech interests.

Hence we can expect that the Czech Republic will pursue solutions that will accommodate British demands. However, this will need to be achieved without comprising the basic foundations of the European integration project. Czechs will definitely support British demands for enhancing the single market, especially in the area of services, the digital market, and energy, as these are also priorities for the Czech government. The Czech Republic has always promoted elimination of trade barriers, thus the government will support British any demands for a quick completion of trade deals with the US and other big economies.

The Czech government is hesitant to support British demands that would require change of the EU’s treaty. The Czech government’s recently adopted EU strategy took a negative view towards treaty changes. In line with this position, the country is unlikely to support a British opt–out from “ever closer union” if this is pursued as a treaty
change. Support for such a British opt-out would undermine long-term Czech efforts to preserve and foster the EU's unity.

Similarly, like most of the other EU countries, and especially those who joined the EU in the last decade, the country will be strongly against any measures that would discriminate against citizens of other EU member states. The EU's four freedoms, and especially the freedom of movement of people, are considered untouchable. This of course doesn't mean that the Czech Government is opposed to debate on how to tackle abuses of this freedom. Taking into consideration the relatively small number of Czechs living and working in the UK (around 40,000), the government will probably leave the fight for freedom of movement of people to member states such as Poland who have more of an interest in this area.

On the other hand, we can expect the Czech Republic to support a greater say for national parliaments in EU decision-making, including the introduction of the so-called green card system. Again, however, this would ideally happen without treaty changes. The Czech government also shares British concerns that the Economic and Monetary Union policies that effect all the EU Member States should be debated in the EU-28 format.

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**Denmark: The Danish government is a firm supporter of UK demands, albeit with some caveats**

David Cameron’s presentation of Britain’s renegotiation demands at the European Council Meeting in late June 2015 coincided with a change of government in Denmark. This change of government has had significant implications for the Danish stance on the UK’s renegotiation of its relationship with the EU. As a result of the Danish general elections on 18 June 2015, the centre-left Social Democrat/Social Liberal coalition government was replaced by a government consisting only of the right-wing Liberal Party. The outgoing Prime Minister, the Social Democrat Helle Thorning-Schmidt,
represented Denmark at the European Council Meeting, but her ability to react to David Cameron’s presentation of the British demands was affected by the incoming government’s different line on British renegotiation.

The former government wanted to keep the UK in the EU, but stressed that Denmark should stay as close as possible to the EU core. It was also sceptical towards limiting welfare benefits for workers from other EU countries. The new government has no permanent majority across policy areas but is kept in power by the support of the Eurosceptic Danish People’s Party, the Eurosceptic New Alliance and a much-reduced Conservative Party, which has become increasingly sceptical towards EU integration. The four parties had agreed on a common document prior to the 18 June elections which stressed the need to restrict the access of EU workers to social benefits in other EU countries and that they would, in general terms, support the UK renegotiation.

These elements found their way into the new Liberal government’s policy programme issued at the end of June. The Danish Government aimed to ensure that “national welfare systems were not undermined by EU rules”. The government would “work with like-minded countries in order to revise EU rules on welfare benefits for mobile workers as soon as possible”. Last but not least, the Danish government would “support the British government’s endeavours in order for the UK – one of Denmark’s most crucial partners – to remain centrally placed in the EU.”

The post-June Danish government is therefore to be counted as a firm supporter of the British demands for renegotiations. In the press release just before Prime Minister Lars Løkke Rasmussen’s meeting in Downing Street on Monday 21 September, it was stressed that Denmark and the UK had many common interests in relation to free-trade, expansion of the internal market and a strengthening of member states’ competitiveness. It stated that, “we want to work together with the UK on modernising EU-legislation on welfare benefits”.

Although it has not been expressed directly, it is conceivable that Denmark would be willing to support the UK on elements such as its problems with the preamble, protection of rights for non-euro member states and a stronger role for national parliaments in some form or another. However, there are limits to this Danish support. Denmark
does not want treaty changes. The Danish government still stresses that it wants to stay as close as possible to the EU core.

A referendum will take place in December this year on whether Denmark should replace its exemption on justice and home affairs with an opt-in possibility to take part in legislation on Justice and Home Affairs – like the UK’s present arrangement. Denmark – like the UK – does not take part in the EU’s asylum policy and will not do so in the short term even if it is a yes in December.

The referendum is supported by the traditionally pro-EU parties in the Danish Parliament, including the Conservative Party. The present Danish government does not want a Danish in-out referendum à la the UK and there is no majority in the Danish parliament for such a referendum. However, the Danish People’s Party does want a Danish referendum like the British one and holds up the British endeavours as an example to follow. The British renegotiation has clearly given impetus to Danish right-wing Euroscepticism.

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Estonia: Brexit would be contrary to Estonia's interests

Many positive and nice words were exchanged when the Estonian prime minister, Taavi Rõivas, and British prime minister, David Cameron, met in Downing Street on 9 October 2015. “Estonia and the UK have a similar understanding of the changed security situation – we are very close allies in both NATO and the European Union,” Rõivas said.

As far as NATO is concerned Estonia appreciates the UK’s decision to send additional troops to the Baltic region and so Rõivas’ words may even be true. However, the assertion that Estonia and the UK are also very close allies in the EU raises large doubts.

The latest Eurobarometer poll (July 2015) revealed quite clearly how very different Estonians and Britons are. Namely, support for the euro
was highest in Estonia (83%) and lowest in the UK (20%). In the Baltic States, which have all now adopted the euro, support has steadily risen despite the Greek crisis.

This is exactly why it is premature to call the UK and Estonia allies in the European Union. In the noughties, it was even thought that Estonian policy in the EU might be “Britanised” as Estonia pursued a very liberal economic policy with a flat tax regime, and stressed the importance of the single market. Russia’s aggressive behaviour and the introduction of the euro in Estonia in 2011 changed all that. The euro was securitised and Estonia moved closer to Germany who played the main role in the euro crisis. In addition, Estonia realized more strongly than ever that to cope with Russia, the EU must speak with one voice. All these moves forced the member states, especially in the Eurozone, to cede more of their sovereignty.

Contrary to a closer Union, the UK has always wanted to stop the closer integration of Europe. Therefore, the interests of Estonia and the UK in the EU differ to a large extent. It is to Estonia’s benefit to see the EU as a large and mighty counterweight to Russia. This therefore poses a problem for Estonia. A UK departure from the EU would not serve Estonian interests, but the two countries do not see eye to eye on how the EU should change.

With the UK out of the EU, the very essence and logic of the Union would change. It would deny the assumption that the EU is about accumulating integration and that the countries in the EU would never leave. As Slovakia has threatened to leave the EU due to the refugee issue, one might only imagine what kind of domino effect the UK’s departure might have. A smaller EU cannot be taken seriously by the other world powers, especially in the eyes of Russia, who always sees the loss of territory as a sign of weakness.

And finally, although it is a minor detail, the UK departing from the EU may have one unexpected consequence for Estonia. During the Cold War, beside Russian, Estonia studied mostly English in school. Estonians now speak English as their first foreign language. But they are not very fluent in either French or German. If the UK leaves the EU, the importance and use of English would very likely decrease also reducing options for Estonians to apply for jobs in the European institutions, as the use of French and German would increase.
At the same time, Estonia is weary of Britain’s demands for reform as the price to keep it within the Union. As in many countries, there is support for enhancing the economic competitiveness of the EU, but for Estonia this is done with an eye to German – and thus Eurozone – positions and aims, not Britain's. Proposals to limit access to in-work benefits for EU migrants raise objections found throughout Eastern and Central Europe.

Renegotiations also mean that Estonia, like other member states, may have to choose whose side to take – either Britain’s or Germany’s – which causes some discomfort for a small country like Estonia. Estonian’s remember that when, along with the other Eastern European countries, it chose to support the US and the UK over the Iraq war in 2003 it received a lot of criticism from Germany and France.

Consequently, the UK’s decision to leave the EU would be contrary to Estonia’s interests, but finding an agreement to keep Britain inside the club will not be easy. The only sensible option for Estonia is to work with the other EU countries to keep the UK in the European Union.

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Finland: Supportive, but with a wait-and-see approach

Successfully settling the so-called ‘UK Question’ has been a pivotal issue in Helsinki for quite some time, yet multiple ongoing European crises have largely hijacked much of the Finnish EU agenda. The continuing ambiguity over the UK’s renegotiation, and relatedly, a difficulty of seeing a meaningful Finnish contribution to the process has resulted in a prolonged wait-and-see approach in Helsinki.

The most interesting development in addressing the UK question in Helsinki is a domestic one. The inclusion of the openly populist and Eurosceptic Finns Party in the current Finnish government along with the two major centre-right and pro-European parties in June 2015, has been noted also in the UK as it could potentially bring Finland closer to
the UK in EU affairs. Over the past few years strong links have grown between the Finns Party and the UK Conservative Party.

The minister for foreign affairs, Mr. Timo Soini, has recently restated his support for Cameron’s EU renegotiation and referendum plan by saying it is ‘an absolutely great idea’. However, he also noted that the UK cannot expect Finland to be a ‘100 per cent supporter at every stage’, and that his hands are tied by the Finnish government’s positions.

The current government’s programme stipulates that Finland does not support EU Treaty reform. As David Cameron now seems to have dropped the idea of pushing for an immediate EU Treaty change, Finns are likely to find it easier to address the UK’s demands in general. Indeed, the minister of finance, Alexander Stubb, has suggested that the UK’s demands for economic reforms, enhanced role for national parliaments, and limitations on benefits for migrant workers are justified.

Traditionally, Finland and the UK have been on the same page in developing the single market and advancing the EU’s external trade. Cutting red tape and improving the EU’s competitiveness should therefore not be a problem for Helsinki. Some difficulties can however emerge in other fields. First, the UK might need to work harder to explain the rationale for UK opt-outs from the EU Treaty’s objective to move towards an ‘ever closer union’, especially considering that it is not part of the Eurozone and has opted out of Schengen.

If this demand is connected to David Cameron’s objective to obtain ‘safeguards’ against potentially converging interests of the Eurozone countries, Finns are likely to be concerned about potential further complexities and inefficiencies in the EU’s institutional structures. Second, and although Finland is a strong supporter of enhancing the role of national parliaments in the EU’s decision-making, it has also called for clarity between the two levels of parliamentary scrutiny in the EU’s decision-making (i.e. the EU and national).

Moreover, it has emphasized that its parliament has a strong and robust role in EU affairs and urged others to follow suit. Finally, while the aim to limit EU citizens’ access to work related benefits and social security in other EU member states might find some support in Finland, UK negotiators are likely to be reminded that these issues should be...
resolved through EU law-making processes, and that any such demands should not undermine the principle of non-discrimination.

The most significant obstacle that Finnish decision-makers and observers face vis-à-vis the UK’s agenda, however, relates to the fact that the UK has not yet clarified in detail its renegotiation demands. It is therefore difficult to openly discuss in Helsinki what would be acceptable for Finland, or indeed how Finland could actually contribute to the process. The UK demands will certainly be put under close scrutiny in Helsinki, yet they are equally likely to be approached constructively. As minister Stubb put it: ‘I believe without the UK there is no EU’.

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France: The French are looking for a fair deal for France and the EU, not just for Britain

France has been ambivalent on the British renegotiation campaign. The general mood is to keep the UK in, but messages are going in different directions. Some are shrugging off the UK’s calls for reform and are not trying very hard to accommodate Westminster. Others seem keener to find an acceptable deal for Britain.

George Osborne’s visit to Paris in late July illustrates this situation. He got a cold shoulder from Foreign Minister Laurent Fabius, not much more from Finance Minister Michel Sapin, and a warmer welcome from Economy Minister Emmanuel Macron. Meanwhile, François Hollande’s meeting with David Cameron a few days ago could be summed up as: “we are ready to discuss, but give us a list of reforms we can actually talk about”.

Yet, it seems that Emmanuel Macron has swayed the debate on the UK renegotiation so that it should be incorporated in the broader discussions on the EMU reforms. France has indeed started to work on
proposals to reform the Eurozone and an institutional debate is likely to start after the French presidential and German general elections in 2017. The feasibility of this balance between the French plans for the EMU – still inchoate – and the UK plans – still fuzzy – remains evidently unclear though.

France is generally perceived as one of the potential hardliners in the renegotiations. But French diplomacy is attempting to quell this view. To some extent, it is indeed exaggerated, but France has some clear red lines. The two countries could find common ground on the need to recalibrate EU regulation and promote competitiveness. The French support the European Commission’s Regulatory Fitness and Performance programme (REFIT) and have tried to upload the “choc de simplification” at the EU level, in particular to ease up the regulatory burden over SMEs. They, however, oppose any attempt to water down legislation on social and consumers’ rights.

France would be amenable to finding a deal to ‘protect the integrity of the single market’ as long as it is not legally binding and would not impede on the developments of the Eurozone. That, however, clearly falls below the UK’s expectations. Changing in-work benefits for EU migrants is also a touchy issue. If ECJ rulings can alter the jurisdiction, France will welcome this development, because any adjustment to the primary or secondary law on this point will likely be quashed. In a way, France is telling Britain to change its system, not the EU’s.

The role of national parliaments and granting an opt-out of the ‘ever closer union’ do not trigger vivid debates. The whole British debate on ‘ever closer union’ is mind-numbing for the French. That being said, some realise an opt-out could cause legal problems. This reference has repeatedly been used by the ECJ in its rulings and the implications of a British opt-out could be greater than imagined on the surface of the debate.

Lastly, the role of national parliaments leaves the French quite indifferent. Two reasons justify this position. First, the French Parliament (the Assemblée Nationale and the Sénat) are secondary actors in French EU politics compared to the government and the President. Second, the priority is to streamline the scrutiny process more than to explore legal ways to implement a green or red card system. The French Senate has supported the non-legally-binding first ‘green card’
launched by the House of Lords on food waste, but the French
government is unlikely to echo a call for additional parliamentary
powers.

France wants the UK to remain within the EU and to quote Jean-Claude
Juncker will strive to find a ‘fair deal’. However that deal will have to be
fair for Britain but most importantly for France, and more broadly the
EU.

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Hungary: A natural supporter for Cameron, but with caveats

Hungary is a medium sized member state in the EU, with
a geographical position, allies, partners, and priorities in
the European agenda that are often fundamentally
different from those of the UK. Despite these differences,
over the past four years Prime Minister Viktor Orbán has
been seen as David Cameron’s natural partner and supporter on some
major EU Council decisions.

The two leaders were often mentioned together after the negotiations of
the European Fiscal Compact in 2012, and there was some confusion
on the night when the pact was announced with some reports indicating
that Hungary was to side with the UK and remain outside of the
agreement. Orbán and Cameron also shared a common position during
the election process of the new President of the Commission, Jean-
Claude Juncker. Both prime ministers were against Junker’s nomination
and against the strengthening of the role of the European Parliament at
the expense of the European Council.

Viktor Orbán was elected Hungary’s prime minister with a two-third
majority in 2010 and his party FIDESZ managed to repeat its victory for
a second term with another two-third majority in 2014. This previously
unprecedented parliamentary position was used to centralise the party’s
power, change the country’s constitution, and fundamentally transform
the economy.
After a strong and generally well-received European Council presidency in 2011, a series of constitutional, political and economic decisions (for example, changes to the banking tax and the energy market) led to tensions between the EU and Hungary, with several spectacular clashes in the European Parliament. Many even describe the government of Hungary as one of the most Eurosceptic governments currently in the EU.

Although political and economic relations with Britain are in good shape, Germany and Austria are Hungary’s most important foreign trade partners and political allies in the EU, so any decision over the UK’s renegotiation will take into careful account the position of these Member States. On a whole, though, Hungary strongly supports British membership in the EU. A Brexit would fundamentally change the geometry of EU voting, which would eventually cause mid-sized countries to lose some influence.

Cameron’s hard opposition to ‘even closer union’ sits well with the anti-federal rhetoric of the Hungarian government. The summary of the 2011 EU presidency priorities of Hungary claimed that Hungary was committed to the community method, which should take precedence over intergovernmental decision-making. It stated that, ‘Crisis situations could lead to the temporary strengthening of intergovernmentalism which can only be accepted if a return to decision-making within the framework of the Treaty is possible in the short run.’

Despite this, by 2013, Mr Orbán’s rhetoric had shifted strongly towards intergovernmentalism. He made clear that “Hungary pursues a policy of balance and does not approve of national competences being converted ‘on the sly’ into community-level competences in the EU”. He went on to argue that “there are more and more new proposals to disturb the balance between national and community competences and this is unacceptable”. Therefore, Hungary would welcome reform proposals that would shift the institutional balance within the EU, for example by moving the Commission away from the Parliament and towards the Council of Ministers.

No one can expect any major treaty changes in this field since this faces strong opposition from France and Germany. But as the Hungarian government emphasised recently, Hungary would not currently support any major shift towards an even closer economic union. For example,
Hungary would resist further tax harmonisation, as it is an advocate of competition between tax regimes.

Giving more power to national parliaments would secure the symbolic support of Hungary, although it would undermine the current system by which national governments represent the national interests in the supranational institutions. This trade-off would eventually result in a softer position on this reform proposal, although some elements would still be supported, for example better scrutinising of matters connected to subsidiarity and proportionality.

As the target date for Hungary adopting the Euro slips further, the unification of the Eurozone’s economic governance becomes more problematic for outsiders such as Hungary because it is evident that the future integration of the EU will mainly occur within the Eurozone. Because of this, Hungary, like other outsiders, worries that their national interests will not be equally represented within the EU. Hungary will therefore support Cameron’s aim to introduce more safeguards in this area.

Many think that reform proposals regarding competitiveness and financial regulations in the EU will be agreed relatively easily, including the UK’s aim to extend the single market in services. However, these proposals could cause controversies in Hungary. The country’s banking tax is the highest in Europe, and the government has shown nationalisation tendencies in different sectors of the economy, with heavy windfall taxes on some businesses meaning they are in a weakened position to compete in the single market.

Cameron’s proposals for a major curb on immigration and free movement of labour in the EU, such as through limiting in-work and out-of-work benefits available to migrants from EU Member States, has received a cold reception in the Central and Eastern European Member States. In recent years, London has become the fifth biggest Hungarian city and the number of Hungarians emigrating to Britain remains high. That said, some concessions could be made, especially in the field of out-of-work benefits, if the changes related only to Britain.

Finally, questions remain as to how Cameron can achieve reforms within the EU. Opening up the treaties would cause problems for Hungary, since, to pick one example, the incorporation of further
liberalisation of the services market would clash with the centralisation tendencies of the government’s economic policy. If treaties are opened to a deal over institutional changes surrounding the Eurozone’s economic governance, then this could lead to a situation where Hungary cannot block a “package decision”.

Summing up, proposing changes – both those UK-specific in character and those aimed at the wider EU – that avoid treaty modifications would make it easier to secure the support of Hungary’s government and parliament.

**Zoltán Gálik – Corvinus University of Budapest**

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**Ireland: Brexit is a matter of significant and growing concern in Ireland**

The prospect of a Brexit and the renegotiation of the United Kingdom’s relations with the EU is a matter of significant and growing concern in Ireland, having implications not only for UK-EU relations but for Irish-UK relations and, in particular, for Northern Ireland.

Ireland and the United Kingdom joined the European Communities on the same day in 1973, at a time when relations between the two states were near their lowest ebb in a generation. In the four decades since, the Anglo-Irish relationship has flourished. Joint membership of the EU has provided a forum for contact on diverse policy issues, strengthened cross-border ties and institutions, played a significant role in the Northern Irish peace process, and fostered deep political and economic interdependencies between the two countries. In the context of the UK-EU negotiations, then, Ireland finds itself between Scylla and Charybdis.

On the one hand, the country remains a committed member of the EU, with little in the way of domestic political Euroscepticism, and is deeply wary of any attempts by the UK to roll back the process of European integration. On the other hand, Ireland is acutely aware that failing to secure a reform package to help keep the UK in the EU could have profoundly negative implications for the island of Ireland. Indeed,
leaving aside the obvious trade and business implications, the debate in Ireland is increasingly centring on the impact Brexit could have on peace and stability in Northern Ireland.

In the event of a British departure from the EU, Ireland’s border with Northern Ireland would become the external border of the European Union, potentially with all the associated border controls and security checks that this entails. The possible return of barriers dismantled over the past generation would be deeply symbolic for Northern Irish nationalists, who could once again feel themselves disconnected from the Irish state.

It gives some cause for cautious optimism, then, that at least a small number of the suggested UK reforms resonate not only with Ireland’s priorities, but with those of the European Commission. Completing the Single Market in services and the digital sector, for example, is an agenda to which Ireland, as a hub for multinationals and a country with a burgeoning digital sector, will be empathetic. So too will it be on the issues of completing free-trade deals, improving competitiveness and relaxing the regulatory burden for business: any advantage for still-struggling Irish SMEs will be welcome.

Even on the somewhat thornier issue of ‘ever closer union’, Ireland is likely to be in favour of a creative accommodation for the UK. After all, even a minor concession by the EU on this issue would constitute a major, symbolic victory for David Cameron – one that could have a particularly profound effect on the result of the British EU referendum. Ultimately, though, much will depend on the specifics of the UK’s more substantial demands, and the most significant obstacle to Irish support is likely to be the UK’s proposed restrictions on the free movement of labour.

Considering Ireland’s history of economic migration, UK proposals for transitional controls for new Member States, or restrictions on welfare provisions for jobseekers (both driven in large part by a toxic domestic debate in the UK) are unlikely to be considered positively. Freedom of movement, after all, encompasses the freedom to move to seek employment.

If the UK were to approach these issues from the perspective of curbing specific abuses, such as welfare fraud, it could ultimately gain traction.
However, the *sine qua non* of any such proposal will be to ensure that it is not inherently discriminatory against citizens of specific EU Member States, current or future.

Overall, then, the Irish view of the negotiations is one characterised by caution. There is much on the line for Ireland, but clarity is needed and for now the outcome remains deeply uncertain. Indeed, uncertainty and complexity have become the hallmarks of the UK’s engagement with the EU in recent times, and it is clear that Mr Cameron’s reform agenda has engendered a degree of exasperation in several European capitals.

From the Irish point of view, however, the loss of the UK from the EU would be so profound in its consequences that facilitating a constructive and collaborative dialogue over the coming months will be a priority.

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**Italy: A Brexit would create a dangerous political precedent for Italy**

Pressured by the current migration crisis and the need to accelerate growth and employment, Italian political and economic stability may be hindered by further British opt outs from the EU. From a political point of view, with 1.1 Italians out of three believing that Italy would be better off without Europe, a Brexit would create a dangerous political precedent.

It would break the Italian government’s taboo over the inadmissibility of EU Treaty renegotiations, fostering demands for a tailored membership for Italy. To date, half of the parties represented in the Italian Parliament have run Eurosceptic campaigns. Among them, the Five Star Movement and Lega Nord have campaigned on the need for a referendum on the euro. If the UK decided to push for further opt outs from the EU then current Italian support for European integration would certainly come under pressure.
At the same time, the potential cost of failing to find a compromise with the UK does not pass unnoticed. Since 2014, Italian exports to the UK have grown 9.4 per cent, reaching a value of €9 billion. Apart from trade relations, the UK’s net contribution to the EU is estimated to be around €13.5 billion. In this respect, a Brexit would reduce the EU budget, making it likely Italy will need to pay more. A British exit from the EU and a possible limitation for European migrants to move and work in the UK would therefore have devastating social and economic consequences for Italy. According to the Office for National Statistics, in 2014 150,000 Italians lived in the UK. In 2015, 57,600 Italians registered for UK national insurance numbers, which was 37 per cent more than in 2014.

Given the potentially detrimental political and economic consequences of a Brexit, the Italian government has supported a middle ground solution, whereby the EU would allow the UK some reforms. However, Italian endorsement of British requests for a renegotiated membership have been quite generic. In particular, Prime Minister Renzi backs Cameron in the need for a less bureaucratic and more democratic Europe, one that fosters economic growth through effective free competition and employment. Yet, there are areas where Italy is not willing to compromise.

Above all, Italy will not validate the revision of the EU’s guiding principle of ‘ever closer union’, Moreover, Italy believes in the need to foster a stronger economic and monetary union together with the implementation of a common foreign and security strategy to face external threats such as the migration crisis. Therefore, while the Italian Prime Minister has maintained that there cannot be an EU without the UK, it is hard to see how he will endorse Cameron’s requests. His hopes for more political and economic integration make the Italian position towards the EU quite far from the British one.

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**Latvia: National security, not EU reform, is the priority**

Russia's aggression in Ukraine, which started in February 2014, has changed the geopolitical perspective for Latvia. It has become far more difficult in Latvia to criticise the European Union and NATO membership with a resurgent Russia flexing its military muscle in the country’s neighbourhood. The idea of leaving the EU or the necessity of fundamentally reorganising the Union is not on the agenda for the political elite of Latvia.

The securitisation of EU membership has led to the further marginalisation of Eurosceptic organisations in Latvia. According to a 2014 Eurobarometer poll, 57 per cent disagree that Latvia could better face the future outside of the EU. Compared to other countries, Latvia is in the middle of EU opinion, while the United Kingdom, with only 36 per cent disagreeing, is last among EU member states. In Latvia, the EU is perceived as one of the pillars for national security. The UK’s attempts at a renegotiation and the forthcoming referendum therefore do not resonate with policy makers or the majority of Latvian society.

It should therefore come as no surprise that the issues on Prime Minister David Cameron’s agenda are not on the agenda of politicians in Latvia. In May 2015 Cameron visited Riga for the Eastern Partnership summit. This was his first face-to-face meeting with the EU’s leaders after his victory in the May 2015 UK elections. The focus of the summit was on the EU’s relations with Eastern Partnership countries, however Cameron’s goal for the meeting was to press his case for EU reform and renegotiation. During the conference, and in the Prime Minister’s press conference following the summit, Cameron spoke about Britain’s unhappiness with the status quo, of “burdensome EU rules,” the problems of immigration, and the necessity for EU reform. His agenda was not welcomed.

In a bilateral meeting with Cameron, the Prime Minister of Latvia Laimdota Straujuma suggested that these topics were not welcome ones for discussion in Riga. Afterwards, Cameron himself reflected that he was “not met by a wall of love” at the summit. During and after the summit, his statements left no visible impact in the domestic political debates in Latvia. The securitisation of EU membership has led to a lack of meaningful debate in Latvia about the necessity for reforming the Union. It is hard to criticise something your national security depends on

and this was reflected by the lack of support given to the issues raised by David Cameron.

Little has changed since the meeting in May. Most of the aforementioned issues pursued by the UK are still not on Latvia’s political agenda. Immigration is on the agenda, but this has nothing to do with the UK. The necessity for EU member states to accept their share of asylum seekers has pushed the issue of immigration onto the political elite and society of Latvia.

The government of Latvia follows the developments of the possible UK exit and renegotiation, hoping the UK and EU will come to an understanding. Changes in the core values of the EU, such as limitations on the free movement of persons, goods and services, would not be welcome in Latvia. However, there are no serious debates on the need for reform of the EU, the necessity to simplify EU regulations or other similar issues. These are not priorities for Latvia; national security is.

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Lithuania: Britain is threatening the EU’s fundamental principles

Britain’s attempt to renegotiate its relationship with the EU by dropping the commitment to an “ever closer union” and asking for opt-outs in specific areas of EU policies related to migration policy, welfare and competitiveness have raised serious concerns in Lithuania about the future integration of the EU. Some of the changes that David Cameron is seeking may significantly affect the functioning of the single market and the upholding of its core principles.

Britain’s attempt to renegotiate its EU membership has not gone unnoticed in Lithuania, which like other EU member countries has expressed criticism of Britain’s demands to opt out of some EU
employment legislation. Commenting on Britain’s demands, the president of Lithuania Dalia Grybauskaitė has repeatedly underlined that no decisions can be made that undermine the fundamental values of the EU. For Grybauskaitė and the Lithuanian Government, the EU should adapt to a changing socioeconomic environment, but the Union’s core principles and values should be maintained. All of Britain’s attempts to renegotiate its membership in the EU should therefore be discussed with this in mind.

One of the renegotiation points raised by David Cameron has been a proposal to tighten migration policy to the UK by restricting access for EU nationals to in-work benefits and setting a four year residency test. The proposed amendments would create additional obstacles to the free movement of workers, meaning new migrants would have to wait for four years in order to access certain benefits such as tax credits or child benefit. Such a decision would significantly affect the citizens of EU Member States in Eastern Europe, including Lithuania and other Baltic states.

The UK, together with Germany and the Nordic countries, is among the top destinations for emigrating Lithuanians. According to the 2011 census for England and Wales, around 100,000 Lithuanians reside in England and more arrive each year. The Lithuanian president underlined that all EU citizens should be given the right to work and move freely around the EU, which is one of the fundamental principles of the EU’s single market. Freedom of movement for workers, goods, services and capital are key to a fully functioning single market.

Grybauskaitė has also stressed many times that a fully integrated EU is more useful for Lithuania than a fragmented one. As one of the largest EU members, Britain plays a crucial role in preserving the Union’s unity and competitiveness. Therefore, from a Lithuanian perspective, reducing further the number of areas in which Britain is a fully engaged EU member could pose a threat to the fundamental principles of the Union.

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Luxembourg: There is no enthusiasm in Luxembourg for treaty change

Luxembourg, which holds the EU Council Presidency until the end of 2015, has proclaimed that it will count its 12th EU Presidency a success if it manages to steer the UK towards staying a member of the EU. The UK demands for a renegotiation represent, along with the Greek and refugee crises, an additional burden to the successful management of this Presidency for such a small country. However, it also places Luxembourg at the frontline of the negotiations, giving it the opportunity to show that its famous negotiation skills were not just due to former Prime Minister Jean-Claude Juncker, but are a systemic feature of the Luxembourg governmental culture.

For the Luxembourg government, it is clear that the UK should stay in the EU. The Luxembourg government has stated that, “Keeping the UK in the EU is of strategic importance.” With the UK a big contributor to the EU budget, a Brexit would mean an increase in Luxembourg’s contributions. Furthermore, the EU would lose some of its clout in international affairs, which Luxembourg regards as highly detrimental.

The public discussions over a Brexit naturally focus on the impact on the Luxembourg banking industry, as the ties between the two countries are especially close in this domain. The President of the Luxembourg Banker’s Association has stated that Luxembourg would lose a close ally in EU negotiations concerning financial markets and taxation.

On the other hand, a study by the Bertelsmann Foundation found that Luxembourg might actually benefit from a Brexit, as some hedge funds might relocate from the UK to Luxembourg in order to stay in the European market (although these speculations may have been overstated). Luxembourg has no Eurosceptic parties to speak of; therefore the debate is framed mostly in terms of a cost-benefit analysis. Britain’s demands for reform have not triggered any kind of debate in Luxembourg on reform of the EU. Instead, the British are seen as eccentrics who constantly want to change the rules of the game.

Luxembourg’s Foreign Minister, Jean Asselborn, has acknowledged that some reforms to improve the functioning of the EU could be possible,
but without giving any details. Luxembourg is usually open to free trade, so it is in favour of the Transatlantic Trade and Investment Partnership and other trade deals. The Luxembourg government has openly rejected any treaty change, saying it would open a Pandora’s box. If treaty changes were on the table, other countries would raise their particular demands and, according to Asselborn, “the EU would die”.

This means the founding principles of the EU, such as free movement of people, should not be touched. Luxembourg counts on Germany and France to stay united on the point of treaty change, these countries being its natural and strongest allies. The Luxembourg government has supported an enhanced role for national parliaments in EU decision making. However, it has not made any official comments on the UK’s demand for an opt-out from ‘ever closer union’ or to changes to in-work benefits for EU migrants in the UK. It may be possible that these demands would not pose the greatest problems, but the devil is in the details. Any proposal that implies a treaty change is unlikely to be met with enthusiasm.

Martine Huberty
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Malta: Should Brexit materialise, UK influence in Malta is likely to diminish

The possibility of a Brexit does not make waves in Malta. This is extraordinary for an island that boasts long-standing historic ties with Britain and which since joining the EU in 2004 has struck a strong working relationship with the country. Since the 2015 UK election, Brexit has featured prominently in the Maltese print media, but more so in the English than in the Maltese language publications. Since the UK’s top newspapers easily top the league of foreign papers sold in Malta, Brexit is known in the ‘Maltese street’. However, Maltese opinion leaders have not really picked up on the issue.

This does not mean that no one cares about Brexit. The ties uniting the two countries make it impossible to ignore. But missing is the more
serious discussion of what the implications of a Brexit will mean for Europe and for Britain itself. Furthermore, at the time of writing I could not trace any local public opinion polls on the issue, least of all on how the local British expatriates perceive Brexit.

Just under half a million UK citizens visited Malta in 2014, out of a total of 1.7 million tourists. Maltese, Cypriot and Irish citizens residing in the UK are the only foreigners who will be allowed to vote in the EU referendum. But this privilege has passed largely unnoticed in Malta. The 2011 population census showed that 6,652 out of 20,289 non-Maltese residents in Malta (population 420,000) held a UK passport, thus constituting by far the largest group of non-Maltese residents on the island.

But typically they tend to keep a low profile and their presence has not led to loud public debates on how they are likely to be affected should Britain decide to leave the EU or what they actually think about it. The loss of EU citizenship may see some of their privileges pruned, such as the right to vote in European Parliament elections, but in all else they are unlikely to lose much, certainly not to the extent of being forced to leave. Some might also lose their work permit but all this depends on what kind of exit agreement (if we reach that point) is negotiated between the EU and the UK, if at all.

What has raised some speculation is whether the referendum might impact Malta’s turn at the helm of the Council of the EU Presidency, which is scheduled for the first half of 2017. Foreign Minister George Vella was reported to have said that while relations between Malta and the UK are expected to continue to prosper, the referendum could have some impact on Malta’s EU presidency.

The UK’s turn at the EU Council Presidency begins immediately after Malta’s. “We have already raised this possibility with our UK counterparts and I hope this does not mean we will have to remain at the helm of the EU for a whole year instead of six months,” Dr Vella said jokingly. He added: “Our counterparts have told us that by the time we will be occupying the presidency, the issue of whether the UK should still be part or not of the EU would have been settled.”

In June 2015 Prime Minister Cameron sounded out his Maltese counterpart Joseph Muscat on the possibility of EU treaty changes. But
Muscat made it clear that he would not accept treaty reforms by "stealth". Dr Muscat was reported to have also insisted that there should be no changes on taxation and benefits unless there is agreement on treaty amendments. Malta is extremely sensitive to any expansion of the EU’s powers in the realm of taxation which could somehow jeopardise its lenient tax regime in the flourishing financial services, ship registration and gaming sectors.

The UK and Malta have developed links across the board, particularly in education and health services. British universities are still the most popular among Maltese students seeking further education abroad and a Brexit might well affect them should the reduced tuition fees enjoyed by EU citizens be discontinued. In the health sector, reciprocal agreements ensure that some categories of patients for whom treatment is unavailable in Malta are sent to the UK while UK citizens in Malta have access to the NHS.

Malta forms part of the Commonwealth, which not only strengthens its links with the UK, but also with countries such as Australia and Canada where there are sizable Maltese migrant communities. But the Commonwealth is not perceived as a substitute for EU membership while should Brexit materialise, UK influence in Malta is likely to diminish.

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**The Netherlands: There is support for the UK’s renegotiation, but only up to a point**

The Hague has a strong economic and political interest to keep the UK in the EU. The Dutch government also shares several of Downing Street’s concerns about the functioning of the EU. It will therefore work with London in the renegotiation, but only up to a point.

While serving as minister of foreign affairs, Frans Timmermans outlined a number of EU reform ideas that have since become part of the
Juncker Commission’s agenda and David Cameron’s renegotiation wish-list. These include a stronger role for national parliaments in EU decision-making (e.g. yellow and red cards), better regulation, and a deeper single market with less red tape for businesses. Despite Timmermans’ move to the Commission in late 2014, the Dutch position has remained the same, and David Cameron will continue to find The Hague by his side on these issues.

Even in the controversial area of reducing the access to benefits of EU migrants, Cameron may find some support from the Dutch. The Dutch government is concerned about ‘benefit tourism’ and EU migrants undercutting local wages. But the issue is less politically sensitive than in the UK, and The Hague will not support any steps that are discriminatory or that undermine the single market. A case in point is that, so far, in the context of the refugee crisis, the Netherlands has not called for a revision of Schengen or suggested reforms that would impact the freedom of movement.

There are more red lines, however. The Netherlands may go some way toward easing British concerns about the position of non-Eurozone countries, but it will stop short of agreeing to changes that could make Eurozone decision-making more complicated or less efficient.

A compromise on the notion of "ever closer union" is possible, but treaty change in general is out of the question. This would likely trigger a politically-sensitive EU referendum in the Netherlands. Even the promise of future treaty change could be problematic. In early 2016, the Netherlands will hold a non-binding referendum on the EU’s association agreement with Ukraine, which could further fuel Dutch Eurosceptic sentiment.

So far, in the public domain, there has been little discussion about the renegotiation, and only some discussion about the impact of ‘Brexit’. Overall, a sense of complacency pervades; that, in the end, the British public will vote rationally and vote to stay in. At the level of European diplomacy, however, the Netherlands may feel it has a special role to play during the renegotiation. Not only because of key positions held by Dutchmen in Brussels, such as Commissioner Timmermans, Secretary-General of the Council Alexander Italianer, or Jeroen Dijsselbloem, President of the Eurogroup.
Personally, Cameron and Dutch Prime Minister Mark Rutte get along well, and come from similar political backgrounds. And importantly, there is a belief in Dutch diplomatic circles that the Netherlands can build bridges (and reach compromises) between its two important neighbours, the UK and Germany. The renegotiation would surely be a moment to prove this.

Finally, the Netherlands will hold the Council presidency in early 2016. Although this means that it will have to play a more neutral role from 1 January 2016 onwards, the presidency could overlap with the UK’s referendum vote and a potentially controversial post-referendum aftermath. Taken together, this means that for Cameron the Dutch will never be far away.

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Poland: Warsaw’s stance will remain uncertain until after the October elections

Poles will vote in parliamentary elections on 25 October. The Civic Platform party has been in a governing coalition with the Polish Peasant Party for the last eight years. But according to opinion polls it looks set to lose to the right-wing Law and Justice party. The priority for Ewa Kopacz, the Polish prime minister is to improve her own ratings in the eyes of Polish citizens and so she has little time to contemplate Cameron’s reform plans. But this leaves the British prime minister with a great deal of uncertainty about Warsaw’s stance on his ideas for reform and complicates his plans to reach a deal with his European partners by the end of December. So what will Warsaw’s position be on central issues in Cameron’s renegotiation?

Whoever wins in October there would certainly be support for Cameron’s first reform area: making the EU more competitive by cutting red tape and further liberalising the single market. Poland is a clear beneficiary of the single market. Between 2004 and 2013 its exports to the rest of the EU grew almost three-fold, to reach a value of €114 billion in 2013. But Law and Justice’s sympathy for deregulation does
not mean the party believes in Adam Smith’s ‘invisible hand’ in all circumstances. On the contrary, it has promised to tax large retailers, many of which are foreign owned. But the party thinks that the EU’s institutions have interfered too much in citizens’ lives and hopes that Cameron’s ideas could help tame the Commission’s zeal.

Second, if Cameron’s aim to allow the UK to opt-out from ‘ever closer union’ were to trigger treaty change then he may find a more sympathetic ally in Law and Justice than in Civic Platform. But the risk is that Law and Justice may use discussions on ‘ever closer union’ to argue for its own opt-outs. Its representatives have already hinted they would attempt to secure exemptions from the EU’s climate policy. If the party decides to use Cameron’s reform agenda to unpick what it does not like about EU then other European capitals may follow suit, delaying the renegotiation process.

Third, Cameron wants national parliaments to have a greater say in EU decision-making. Both parties are ready to compromise in this renegotiation area. They might agree to a strengthening of the ‘yellow card’ procedure, but a fear of EU institutional gridlock means they would both stop short of collective veto rights for national parliaments.

Fourth, the two parties are likely to have completely different views on Cameron’s fairness agenda. The British prime minister worries that deeper Eurozone integration could damage the integrity of the single market and Britain’s interests. He wants therefore to obtain some safeguards for euro-outs. The current Polish government has been more interested in participating in Eurozone deliberations and its decision-making than in securing safeguards for countries outside the euro area. This is because Civic Platform wants Poland to adopt the euro once the economic turmoil in the Eurozone is over. In contrast, Law and Justice’s prime ministerial candidate Beata Szydło has indicated that she would put off any discussion about Poland’s euro membership until the wages of Poles were similar to those of their Western European colleagues. Her mistrust of the euro makes her a natural ally of Cameron’s.

Finally, both parties will oppose Conservative attempts to limit access to unemployment and in-work benefits if this discriminates against EU citizens. Poles are the largest group of EU migrants living in the UK (Poles constituted 8.7 per cent of all foreign citizens in Britain in 2013)
and they are eligible to vote in Poland’s parliamentary elections. Neither Law and Justice nor Civic Platform will risk losing these votes by striking too submissive a tone to British demands.

But Warsaw’s opposition to Cameron’s anti-immigration rhetoric is not merely a political calculation. Cameron should realise that Poles see free movement of people as one of Europe’s greatest achievements, not a problem. The country was separated from Western Europe by the Iron Curtain for too long to sympathise with ideas that put freedom of movement at risk. If Cameron, on the other hand, can focus on improving the EU for everyone, whether in Western or Central Europe, he may be able to get the support he needs from Warsaw, no matter which party forms the next government.

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Portugal: Lisbon’s general attitude has been fairly positive to the renegotiation, but without support for Treaty changes

The UK’s attempt to renegotiate its relationship with the EU has not been the focus of much public discussion in Portugal so far. The national media has covered the issue episodically and opinion leaders have written about it in the main Portuguese newspapers, but no major event has been organised publically to discuss the topic up to now and Portuguese decision-makers have even tended to downplay it when speaking in public.

A first possible explanation for this state of affairs is the fact that the UK’s renegotiation demands have thus far lacked detail, therefore foreclosing the possibility of any serious debate. The “British question” has also been overshadowed by a series of other more pressing issues, such as the Eurozone and Greek crises, the situation in Ukraine, international terrorism, the refugee crisis, together with Portugal’s own economic troubles and its general election, which took place in early
October. But there are also subtler reasons related to Portugal’s political and strategic culture, which mean that this kind of discussion is normally confined to a narrow circle of experts or conducted behind the scenes.

While public discussion on the issue has been limited, there is an acute awareness among Portuguese decision-makers of the serious implications that the British renegotiation could have, particularly if it leads to a “Brexit”. A British withdrawal from the Union is commonly perceived in Lisbon as a source of fragmentation and potential instability in Europe, as well as the loss of an old ally and important partner within the EU framework. While Portugal has had a more integrationist approach than the UK (Portugal is part of the euro and Schengen areas), both countries share an outward-looking and Atlanticist view of the world. Thus, Portugal strongly favours the UK remaining in the EU, but not at any cost.

When the British Foreign Secretary, Philip Hammond, visited Lisbon in February 2015 for initial talks about reforming the EU, his Portuguese counterpart, Minister Rui Machete, expressed openness toward the UK’s position, but also stated that changes in EU treaties were “not opportune”. Moreover, similar to many other Member States, Portugal has early on in discussions been very explicit in presenting free movement for EU citizens as one of its “red lines”, both as a matter of principle and particularly in view of the large Portuguese community living in other EU countries, not least in the UK.

As regards the other reforms sought by the UK government, Lisbon’s general attitude has been fairly positive, which in part is a reflection of the vagueness of David Cameron’s demands. Thus, Portugal clearly favours deepening the Single Market (for services, energy and the digital sector), limiting unnecessary regulation at the European level, and pursuing an ambitious trade agenda (with the United States, Canada, China and Japan). It also supports a greater role for national parliaments (which is consensual among most Member States, depending on details) and appears to have some openness on changes to in-work benefits for EU migrants in Britain, since this is perceived as being more of an internal issue.

While backing greater integration in the euro area, Portugal’s stance seems also to exhibit some sympathy toward the position of non-Eurozone members. Indeed, the country’s contribution to the discussion...
on Economic and Monetary Union governance that took place at the June 2015 European Council meeting expressly stated that “the reform of the euro area’s architecture should bridge the institutional divide between the euro area and the rest of the Union”. Finally, the demand for an opt-out from “ever closer union” is met with some puzzlement and neglect in Lisbon, since it is seen as mainly symbolic and intrinsic to Britain’s domestic debate.

Up until now, the British renegotiation has had no major impact on Portugal’s own internal debate about the EU. In recent years the national mood towards the Union has become more critical, but this evolution is more directly linked to the austerity measures implemented under the Troika. Moreover, Eurosceptic political forces in the country have remained marginal.

To illustrate, the “British question” did not figure in the context of the recent parliamentary election, which was won by the ruling right-wing PSD/CDS coalition, led by the pro-European Pedro Passos Coelho, though without an absolute majority. This inconclusive election will entail more negotiation and compromise between the coalition and the opposition, but as the latter is led by the also pro-European centre-left Socialist Party (PS) few changes are expected in Portugal’s stance towards the UK’s renegotiation in the near future.

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Romania: There is staunch opposition to restrictions on the free movement of people

Over the past year, political and public debates in Romania’s mass-media on the UK’s renegotiation demands have focused mostly on the potential impact on the fundamental liberties secured by the EU’s treaties. Particular attention has been paid to the freedom of movement across the EU as a right which should not be overlooked or restricted in any way. This is regardless of the various reasons, with UK debates and fears about
Romanian and Bulgarian workers moving to the UK in search of work being replaced over recent months by security concerns stemming from the Syrian refugee influx towards western and northern Europe.

Except for a few specific topics, the Romanian public and authorities oppose Westminster’s declared intentions to renegotiate more opt-out clauses from EU treaties. The UK’s renegotiation plans are viewed as another challenge to be overcome or dealt with by Romania, which, having joined the EU in 2007, is still working to secure the economic and political benefits of EU membership. Any attempts aimed at institutionalising national-driven, inward looking policies, regardless of their source or nature, are seen as a direct threat to the difficult progress Romania has made in connecting to the rest of the EU.

Similar opposition is shown to UK attempts to obtain further opt-outs from the economic and monetary dimensions of the Union, a position which stems from Romania’s public support for the adoption of the euro (although Romania is still far from meeting the targets required for formal adoption of the single currency). The only reforms the UK has been pushing that Bucharest favours are an enhanced role for national parliaments and a more economically dynamic and outward looking EU. In relation to the latter, Romania advocates an economic rapprochement to countries in the Middle East and particularly with resource-rich Central Asia.

It should therefore come as no surprise that there is an explicit opposition to any future changes to in-work benefits for EU workers in the UK. The Romanian press has extensively quoted sources in the German press covering Chancellor Merkel’s statements that a UK exit from the EU would be preferable to limitations of the right to free movement across the Union. This opinion is one strongly shared by the Romanian authorities and has been made clear in various statements and positions, though with nuances (for instance, while the support expressed for an unlimited freedom of movement was unequivocal, there was a focus on a responsible conduct in destination countries, in all forms – in the context of the controversies in the UK about potential abuse of social assistance systems by Romanians moving to Britain).

The UK’s intention to limit the number of unqualified workers going to the UK in search of work is not favoured by the Romanian public and authorities, with statements to this effect being made both domestically
and at EU level. Romania looks set to team up with Poland, Bulgaria and the Baltic states in opposing any UK push to restrict the right of free movement and more specifically, workers’ rights across the EU.

**Agnes Nicolescu – Aspen Institute Romania**

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**Slovenia: The government believes the EU’s four freedoms should remain the basis for any change**

There have been a number of meetings between the UK and Slovene governments during which the UK’s concern and renegotiation have been raised. In spring 2014, Slovenian Prime Minister Alenka Bratušek (of the centre-left “Positive Slovenia” party) visited London to host an investors’ conference and meet with British Prime Minister David Cameron.

Bratušek’s government, facing public finance pressures in the context of the Eurozone crisis, was pursuing pragmatic economic and European policies which had brought it closer to the UK’s views. During a short meeting Bratušek and Cameron discussed a range of issues including the forthcoming European Parliament elections and the future of the EU, but no details of their discussions were revealed.

In February 2015, British Foreign Minister Philip Hammond paid a visit to Slovenia to present the UK’s position on EU reform. Focusing on economic aspects such as employment and growth, Hammond, in his own words, found there was lots of agreement on these issues between the two countries. However, a key issue for the UK about limitations of social rights for other EU member state citizens in the UK was the one picked up on by the Slovene media. The media reported that Germany in principle sympathised with some elements of the UK’s proposal, but that Poland was insisting that Cameron would not get far on the issue.

Other issues pushed by the UK, such as competitiveness of the internal market, the powers Brussels has over national parliaments and the unequal position of non-euro members were reported to be less
problematic or less defined. The new Slovene government coalition, which took power in September 2014 under the leadership of Miro Cerar (of the centre-left “Modern Centre Party”), has not yet made clear any positions on the UK’s proposals. According to the Slovene daily Delo, government representatives, however, have said that a “strong EU is needed which needs a strong UK”. This echoed the words Angela Merkel used one year before during her visit to London.

Following Cameron’s victory at the UK elections, the Slovene media focused on his promise to hold a referendum. The possible secession of Scotland was discussed in case voters in the rest of the UK voted to leave. The media argued that a Brexit could harm Slovene firms working for major EU car manufacturers, for which the UK is an important market. However, Brexit is still considered to be a more costly development for the UK. Slovene media have quoted a study by the Bertelsmann institute according to which the costs of a Brexit for the UK were estimated at €300 billion.

Cameron’s June 2015 EU tour included a stop in Slovenia. This was the first visit of any UK Prime Minister to Slovenia since its independence in 1991. Prime Minister Cerar said he appreciated Cameron’s decision to visit smaller EU members. This contrasted with the ignorance shown toward smaller members during negotiations on the Greek bailout that took place on the margins of the EU Summit in Riga one month before.

In Cerar’s view, it was Cameron’s party that was pressuring him to hold a referendum and to impose tougher rules on EU migrants to the UK. He said Slovenia was ready to listen to Britain’s ideas and consider them thoroughly in the coming months. Cerar, however, also said Slovenia “wants a successful EU that is connected in vital areas”. In his view the EU’s four freedoms should remain the basis for any change.

The Slovene media have reported that in other EU capitals there is a growing sentiment against the type of changes to the Lisbon Treaty that would be required to satisfy the UK’s demands. On the centre-right, Cameron’s visit did lead to arguments that if as much attention was paid to the UK’s views as to keeping Greece in the Eurozone, then the EU’s competitiveness problems would be long gone. However, Slovenia lacks a modern Eurosceptic party that questions Slovene EU membership.
Spain: A Flexible but Europeanist Response

Europeanism still defines Spaniards’ attitudes on foreign policy. Unlike other EU countries, no Eurosceptic parties have emerged during the harsh years of the economic and financial crisis, nor have the main political parties or other social organizations developed any anti-European discourse. That is to say that Spain and Britain can be understood as two diverging visions about the future of European integration and their roles within it. However, the Spanish government defends a flexible response towards Britain’s intentions to renegotiate its EU membership, as long as it does not affect the DNA of the EU.

Mariano Rajoy’s government was missing in the Brexit debate until David Cameron started his second tour around European capitals in early September. In a joint press briefing in the Moncloa Palace, Rajoy clearly called for the UK to remain in the EU and supported the pro-free trade and liberalising agenda proposed by Cameron, without expressing any public disclaim on the restrictive proposals for EU migrants in the UK. Moreover, Spain’s first symptoms of economic recovery and Catalan calls for independence are still overshadowing any public address on the EU agenda made by the Spanish government, preventing it from being a proactive partner within the EU.

The European Council on Foreign Relations has already identified the main red lines for Spain and other member states in the British attempt to renegotiate its EU membership. Being both Conservative, Spain and Britain share similar interests in enhancing the single market, cutting red tape for small businesses and being supportive of TTIP negotiations. However, the Spanish government cannot cope with any proposal whose goal would be to limit the freedom of movement in the EU or would directly restrict social benefits to Spanish migrants in that country. Considering that Spaniards were the third top nationality for National Insurance Number Registrations in 2014 but also that over a million British people live regularly in Spain, it is just common sense to find any
element of reciprocity between both countries in dealing with access to the benefit system for EU citizens.

As far as the question of treaty change is concerned, there is no public discussion in Spain. The main Spanish political parties agree that, in the current context, any intergovernmental negotiation among 28 member states would be like opening Pandora’s Box. If Britain needs more opt-outs in order to remain in the EU, Spain will have enough flexibility to accept it, and even push for it. Madrid will never defend a “Europe à la carte” strategy for itself, but admits that differentiated integration may allow enhanced integration for those countries who really want it.

Are we facing a battle of ideas between a German Europe project and a British Europe one? If so, Spain will definitely remain closer to German ideas of ‘more Europe’ rather than British proposals of ‘less Europe’. Furthermore, as general elections in Spain are scheduled for mid-December, the party in government is keen to present its leader, Mariano Rajoy, as the closest and most reliable partner of Angela Merkel. Following these elements, we can even predict that if Britain and Germany agree on the agenda for the new UK-EU relations, Spain will easily support the agreement for a ‘better Europe’ for all.

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Sweden: Both risks and opportunities in EU renegotiation

Sweden has a strong political and economic interest in ensuring that the UK remains firmly in the EU. Both countries are close partners in Europe, sharing common positions on various issues (such as free trade, competitiveness and fiscal discipline) as well as similar political outlooks. Sweden is therefore broadly sympathetic to London’s attempts to reform the EU, although with some notable caveats. Moreover, it’s clearly in Sweden’s interest to encourage the UK to negotiate constructively and to help Cameron obtain what he needs in order to keep the UK in the EU.

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Under the former Swedish center-right government, David Cameron enjoyed a close personal relationship to his Swedish counterpart, Fredrik Reinfeldt, an ideological soul mate of sorts. Sweden’s Social Democratic Party, elected to government in 2014, has continued to pursue a close relationship with London. Illustrating the closeness between Sweden and the UK, Stockholm recently hosted George Osborne to discuss common perspectives on EU reform. So far, the new Swedish government has opted for a fairly low profile on this and other European issues—unlike its predecessor, which sought to play a key role in Brussels, spearheaded by its then-foreign minister Carl Bildt.

From a Swedish perspective, the UK’s reform efforts in the EU are at once an opportunity and a risk. On the one hand, Sweden shares Cameron’s desire for a more lean, effective and less bureaucratic EU where non-Eurozone states are not overrun. For example, Sweden would be in favor of less centralization of power in Brussels, better coexistence between the Single Market and an integrated Eurozone, and of giving national parliaments a bigger say over EU affairs. At the same time, Sweden sees some risks in the British renegotiation efforts. For example, any attempt to restrict freedom of movement or access to social benefits within the EU would be met by strong opposition from Stockholm.

It is worth noting that if Cameron succeeds in keeping the UK in the EU on terms that do not compromise the core principles of the EU, then Sweden would also likely want to make sure that it too could tap into any such deal. It is therefore in Sweden’s and other smaller EU states’ interest that the UK’s negotiations with the EU do not take place exclusively behind closed doors but in an open and transparent way.

While the idea of a Brexit has received some attention in Sweden’s domestic debate, local media has less extensively covered Cameron’s renegotiation efforts. A possible explanation for this is Sweden’s own current struggle with the refugee crisis—an issue that dominates the domestic debate and which is causing political uncertainty.

Like the rest of the EU, the Swedish government will make clear its specific positions on the UK’s renegotiation terms when the UK itself makes clear its demands. While generally sympathetic to London’s efforts to reform the EU, Stockholm is cautious against compromising on some of the Union’s core principles. That said, Sweden does not
want to see the UK leave the Union. It would lose an important and like-minded ally. But how far Stockholm is willing to go to prevent such a scenario remains to be seen.

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