

European views on the UK's renegotiation: Czech Republic, Hungary, Sweden, and Lithuania

The success or failure of David Cameron's planned renegotiation of the UK's EU membership 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 UK's renegotiation? 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 will 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 is the sixth in the series and gives views from the Czech Republic, Hungary, Sweden, and Lithuania.

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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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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 Juncker'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.

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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.



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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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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