

# **EU-28 WATCH**



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# EU-28 Watch

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## On the project

Euroscepticism and the European Parliament elections in 2014, the EU's Neighbourhood in light of the Ukraine crisis and power relations in the EU: The EU-28 Watch project is mapping out discourses on these issues in European policies all over Europe. Research institutes from all 28 member states as well as Iceland, Macedonia, Montenegro, Serbia and Turkey give overviews on the discourses in their respective countries.

This survey was conducted on the basis of a questionnaire that has been elaborated in March 2014. Most of the 33 reports were delivered in June 2014. This issue and all previous issues are available on the EU-28 Watch website: [www.EU-28Watch.org](http://www.EU-28Watch.org).

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## Austria

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### 1. Euroscepticism and European Parliament election

#### *Economics and jobs*

In 1994 two thirds of the population had supported Austria's membership in a referendum. Twenty years later 40 percent see the European Union (EU) in a positive light, another 40 percent rather stress its disadvantages. The expectations in the EU were high in 1994, they were lower in 2014. In retrospect about 50 percent see Austria's accession to the EU as the right decision, 40 percent as wrong. About 60 percent of the Austrians wanted a more powerful EU in certain policy areas. Those were mainly areas connected with economic issues such as trade, investment, jobs and common European measures to fight the crisis. Only about 15 to 20 percent would want to leave the EU, 70 to 80 percent want to stay. This general attitude did not change very much during the economic recession in spite of a very EU friendly government, which is supported by a coalition of the two major parties, the Social Democrats (SPÖ) and the conservative People's Party (ÖVP). Both parties support European integration and Austria's membership in the EU without reservations. The Green Party and the neoliberal Neos also are very pro-European parties. The right wing Freedom Party (FPÖ) is most critical about further EU-integration.

#### *Euroscepticism and the rise of the Freedom Party*

In the elections for the EU parliament in May 2014 the ÖVP achieved 27 percent (national elections 2013: 24), the SPÖ 24 (27), the FPÖ 19 (20), the Green Party 14 (12) and the Neos 8 (5). In general, pro-European parties received, combined, about 70 percent of the vote. Significant is that the FPÖ received eight percent more votes than in the 2009 elections to the European Parliament. The FPÖ does not oppose the EU all together, however, but wants a limited "EU of the fatherlands." The FPÖ was very active in building an anti-EU-coalition in the EU Parliament, although with mixed success. The voter-turnout was low (45 percent) and there was a general disinterest in particular EU policy issues.

The relative strength of the FPÖ does not necessarily mean that Austria as such moves to the right. In fact, the opposite may be true. During the election campaign to the European Parliament the SPÖ requested a more social route and held Neoliberals responsible for the present recession. The Greens blamed the big banks and companies.

#### Links:

- CATI-Interviews, der Standard, 24/25 May 2014.
- [Der Standard](#), 24-25 May 2014.
- Ecoquest, Market Research & Consulting GmbH, 20 June 2013.

### 2. The EU' Neighbourhood

### *Ukraine, the EU and Russian–Austrian relations*

The principles of the EU's neighbourhood policy, the promotion of democracy, the rule of law and market-economy, are essential for Ukraine. However, as EU politicians and officials continue to indicate, a solution without Russia will not be possible. Because of the events in Ukraine, Europe regained attention in the US not only on the economic but also on the geostrategic level. The principles of the EU's neighbourhood policy are similar to the ideas of the American liberal internationalists. They stimulated the desire of many Ukrainians to join the EU. But the EU could not meet their expectations because the economy of Ukraine was dependent on both the European and the Russian economies. Therefore, a solution without Russia will not be possible. The volume of trade of the EU with Russia is ten times higher than the volume of the USA with Russia.

The EU is Russia's biggest trading partner, and Russia the EU's third biggest. For Austria Russia is the tenth most important trading partner. Exports to Russia and imports from Russia are over three billion Euro each. Austria buys about 55 percent of its gas from Russia, and Austrian banks Raiffeisen Bank International and UniCredit Bank Austria are among the biggest in Russia. About 500 Austrian companies are present in Russia.

Geopolitically Russia is Europe's neighbour that cannot be removed. Many fear a new Cold War with military conflict and another arms race. For the Europeans Austria Russia has to be included in a long term solution. This does not mean that Austria endorses Russia's occupation of Crimea. Therefore, Austria supports more modest sanctions than the US-administration which also acts under pressure from the neo-conservative right. In June 2014 the Russian president Vladimir Putin visited Austria. The visit has been agreed already in 2011. The Austrian president stressed that the dialog should not be interrupted. He also invited the new Ukrainian president Poroschenko to Vienna. A solution could be that for Ukraine the option for membership in the EU should remain open but it should not become a NATO member by international law. Free trade unions of the Ukraine should be negotiated with both the EU and with Russia.

Moreover, they also emphasize that becoming a NATO member is not on the Ukrainian agenda.

### *Austria as a model for Ukraine*

Austria believes that sanctions will not solve the problem. It becomes somewhat clear that the Austrian model could be an interesting alternative for Ukraine. This suggestion has been made by the Austrian Institute for International Affairs (oiiip), but became the position of the Austrian government afterwards. Austria's model could provide such an offer. Austria is a member of the European Union but not a NATO member. However, there was no ideological neutrality. Austria quickly adopted the Western values and started a process of integration in the market economy, which eventually led to the accession to the European Union in the nineties. This development was accepted by the Soviet Union, mainly because Austria did not become a member of NATO. A guarantee that Ukraine will not join a military alliance based on international law might be acceptable for Russia. In addition, in a separate Austrian State Treaty, the minority rights were regulated and certain capabilities of Austria's military were limited. The State Treaty also guaranteed that Austria would not join a new union with Germany (*Anschluss*), as it had in 1938. In the case of Ukraine, such a State Treaty could expressly detail the Russian minorities within the country's borders, as well as clarify the future status of Crimea, whereby the unity of Ukraine should be guaranteed.

All in all, a democratic and economically developed Ukraine could represent in the long run a valuable advantage for the Kremlin. European and American economic aid packages, similar to the post-World War II Marshall-Plan, are now essential for Ukraine. Similar to the situation in Austria, the aid packages should also target the Eastern part of the country. The combination of neutrality and the Marshall-Plan was a definite success for Austria. Moreover, one could argue that Austria's neutrality law was the beginning of the *détente* policy between East and West. The directions outlined above advocate that the Austrian model delivers a diplomatic solution that should be taken into consideration.

### Links:

- Heinz Gärtner, [Die Ukraine sollte sich die österreichische Neutralität ansehen \(The Austrian neutrality as model for the Ukraine\)](#), 3 March 2014.
- Christian Ultsch, [Krim-Krise: Wiener Vier Punkte Plan für die Ukraine](#), 2 April 2014.

#### *Widespread opposition to Turkish EU membership*

The FPÖ vehemently opposes Turkey's membership in the EU. Both the SPÖ and the ÖVP remain sceptical concerning Turkey's EU membership. Two thirds of the Austria's population do not support Turkish membership in the EU. This is the highest percentage in the EU. The Austrians mainly mention cultural differences. Nevertheless, in early summer 2014 a debate began whether Turkish should be toughed as a foreign language in Austrian high schools. When the Turkish premier minister Erdogan visited Vienna in June 2014 the polarization of supporters and opponents of the current Turkish government became visible. It triggered a lively debate about all the issues relating to Turkey: migration, language, EU-membership, Islam, values. Turkish citizens are not the largest group of migrants, however. About 160.000 Germans, 114.000 Turks and 112.000 Serbs live in Austria. All together there are 280.000 humans with Turkish roots in Austria (at least one parent should be Turkish citizen), 115.000 of those are Austrian citizens.

#### Links:

- CATI-Interviews, der Standard, 24/25 May 2014.
- European Stability Initiative (ESI/Berlin).
- Österreichische Gesellschaft für Europapolitik.
- Surveys: Handelsblatt, 19 June, 2014. Kurier, 16 October 2013.

### **3. Power relations in the EU**

#### *Economic crisis and TTIP*

The forecasts for the Austrian economy for 2015 are dire. Although it will stay lower than the EU average, which is about eleven percent, the unemployment rate will rise to eight percent. The economic growth will fall to less than two percent, the same as the EU average. The deteriorating situation in Eastern Europe has hit the Austrian economy badly. Investors are pulling out and many Austrian banks have outstanding loans there. The economic difficulties strengthened the cohesion of the coalition government. The parties of the coalition agreed on cuts of expenditures. The economic crises made higher cuts of state expenditures acceptable to the public; in spite of the cuts, 65 percent of Austrians want to remain in the Eurozone. Because of the austerity policy a new debate on taxes started during the campaign to the European elections. Within the EU Austria is (together with Belgium and Italy) already the country with one of the highest tax rate on labour. The tax on capital lies significantly below the EU-average. The Social Democratic Party requests higher taxes on capital, the Peoples Party opposes it.

During the economic crisis the inequality in the industrialized countries of the OECD (Organization for Economic Cooperation and Development) increased. Austria is no exception. Between 2007 and 2011 the tenth percent with the lowest income lost 0.8 percent of its annual income, whereas the highest tenth added 1.5 percent to its income. In general, the income of the highest tenth is 7.7 percent higher than that of the lowest tenth (OECD average: 9.3 percent).

In Austria the debate about Europe's global role started short before the elections to the European Parliament in May 2014. 55 percent of the Austrians want the EU to play a strong economic and political role in the world. After all, it has about 1000 troops deployed in peace missions, the highest number of all neutral and non-aligned states in the EU. In Bosnia, for example, Austria has more troops deployed than any other EU member state. But only 46 percent of the Austrians think that the EU is a successful peace-project.

The announcement of the "Transatlantic Trade and Investment Partnership" (TTIP) raised debates in Austria. The Austrian government supports the TTIP, but it stresses that it will keep its standards of food and environmental security. Also for reasons related to food and environmental security, the Green Party opposes TTIP altogether. Furthermore, Austria is concerned that the TTIP would reduce its economic ties with Russia and China. In the election campaign certain specific issues, like the importance of costumer protection (and the problem of "chlorine chickens"), dominated the debate.

#### *Partnership and economic dependence on neighbouring Germany*

On the other hand, another reason (not mentioned publicly) for Austria's official support of the TTIP is that it would further diversify Austria's trade and investment beyond the EU and therefore decrease its economic dependence on Germany. Politically, Germany is an important partner for Austria in the EU. After the elections to the EU-parliament elections Germany and Austria discuss a closer cooperation between their national parliaments. Although the Austrian chancellor, Werner Feymann, belongs to the Social Democratic Party, he supported like German chancellor Angela Merkel the conservative Jean-Claude Juncker as *president* of the European Commission.

#### Links:

- Federal Chancellery of the Republic of Austria, [Austrian Security Strategy](#), July 2013.
- Ecoquest, Market Research & Consulting GmbH, 20 June 2013.
- Der Standard, [Krise traf die Ärmsten am stärksten](#), 20 June 2014.
- Herbert Geyer, [Steuern: Österreich pirscht sich an Platz 1 heran](#), 17 June 2014.
- Statistik Austria, [Österreich: Zahlen Daten Fakten](#), Decemeber 2013.

#### *Brexit: divided opinions*

When it comes to the possibility of the United Kingdom's (UK) exit from the EU the Austrian political elite is divided. The defence and security community wants to keep the UK within the EU. After all, the UK suggested and introduced main elements of "Common Security and Defence Policy" (CSDP) within the Lisbon Treaty. Those who press for deeper integration and eventually aim for a "United States of Europe" see the UK as a major obstacle.

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