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EU-27 Watch

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On the project

Due to the new treaty provisions of the Lisbon Treaty and the economic crises the enlarged EU of 27 member states is on the search for a new modus operandi while also continuing membership talks with candidate countries. The EU-27 Watch project is mapping out discourses on these and more issues in European policies all over Europe. Research institutes from all 27 member states and the four candidate countries give overviews on the discourses in their respective countries.

The reports focus on a **reporting period from December 2009 until May 2010**. This survey was conducted on the basis of a questionnaire that has been elaborated in March and April 2010. Most of the 31 reports were delivered in May 2010. This issue and all previous issues are available on the EU-27 Watch website: www.EU-27Watch.org.

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Greece**Much needed leadership in times of crisis****A.D. Papagiannidis and Nikos Frangakis***

The Lisbon Treaty was awaited with interest – if not with trepidation – in Greece, where ratification had proceeded smoothly, while the mainstream political forces, the media and academia were expecting that institutional change would serve as an incentive for a more active Europe.¹ The fact that new provisions of the Lisbon Treaty started working just as a severe, real-time crisis situation was underway (even more so, a crisis in which Greece was instrumental indeed) served to make the treaty's implementation and the Union's institutional mechanisms in general a major issue.

The figure of Herman Van Rompuy was initially greeted with some reluctance, although not in a negative way, given the lack of “international stature” of the Belgian ex-Prime Minister. References to his consensus-building prowess or even to his haiku-writing were often found in the media; but when the Greek debt crisis (and the search for some sort of “European solution”) erupted, Van Rompuy's role in conducting European Council Summit operations, especially in March 2010, and in bridging the bitter differences between Germany and France or rather between Angela Merkel and Nicolas Sarkozy, brought him centre-stage in Greece.

Based on this crucial test case of low-intensity leadership, Van Rompuy's tendency to favour more regular (and more focused) European Council sessions was greeted positively. The uneasy equilibrium between the Van Rompuy Presidency of the European Council and the current (rotating) Spanish Presidency looks set to create problems – which, in turn, would be solved by yielding more powers to the President of the European Council. The fact that the “slow rotation” of Eurogroup/ECOFIN Councils – along with the hands-on personality of Jean-Claude Juncker, who also proved instrumental in the Greek debt issue – had positive results for crisis management (especially in the dramatic May 2010 sessions, where the support mechanism of the economies of Portugal, Italy, Ireland, Greece and Spain (PIIGS) was pieced together, with International Monetary Fund assistance) accents this evolution.²

The figure of Catherine Ashton, at the helm of Foreign Affairs and Security Policy, was seen as a letdown insofar as expectations for “more Europe” in foreign relations were fuelled by the Lisbon Treaty. Her performance in office served to confirm initial hesitations.

In Greece, progress towards a more credible European foreign policy is viewed positively. But the creation and perspectives of the European External Action Service (EEAS), as a tangible instrument towards this goal, have obtained very little interest. In the same way, expectations from the European Citizens' Initiative (ECI), an element of direct democracy on the European level established in the Lisbon Treaty, are quite high in Greece – both in public opinion and in academia. But the Commission's proposal for setting up the ECI mechanism has remained largely unknown.

* **Greek Centre for European Studies and Research.**

¹ See, among others, G. Anastassopoulos: in: TO VIMA, 10 December 2009; P.K. Ioakimidis, in: METARRYTHMISSI, Vol. 35, May 2010.

² For a balanced/critical approach to the post-Lisbon Treaty Europe, see Loukas Tsoukalis: Europe in a Changing World [in Greek], in: International and European Politics (Vol. 17), p. 17; P. Ioakimidis., First Impressions from the application of the Lisbon Treaty, p. 45.

Greece**Greek Initiative for an agenda 2014 for enlargement**

A.D. Papagiannidis and Nikos Frangakis*

Insofar as enlargement is concerned, the focus of attention in Greece lies in the efforts/expectations to bring around positive results for the Western Balkans by 2014 ("Agenda 2014"). This goal corresponds to intensive Greek efforts undertaken earlier on, which Greek Prime Minister George Papandreou (who is also Foreign Minister) publicly reiterated, i.a., in Athens in the course of a presentation at The Economist/Economist Intelligence Unit (EIU) conference of 29 April 2010. Still, Serb Prime Minister Mirko Cvetkovic, in this very same context, was clearly quite hesitant to hope for such a time-frame (while he stressed the pre-eminent importance of making the Serb economy and political context EU-compliant, rather than fight for accession). In May 2010, the Greek initiative for an "Agenda 2014" for the Western Balkans was mirrored by regional EU member states Bulgaria and Romania, at a meeting on the level of foreign ministers.

Within the same context of the Western Balkans, Greece hopes that the promise of EU accession would serve as a major political attraction so as to render Former Yugoslav Republic of Macedonia (FYROM) positions more adapted to Greek expectations in the never-ending name-cum-nationalism dispute of the two sides. In this matter, no positive evolution is to be noted.

This Greek "globalising" approach to the Western Balkans does not exclude Croat accession, which certainly looks more mature; earlier thoughts (surely not officially voiced) to block Croatia's accession, in order to enhance the chances of Serb participation in the enlargement process, should be considered unfounded, since the relative political stature of Greece in the EU has visibly shrunk.

The perspectives of Turkish EU accession are still central to Greek foreign policy. In a three-day visit of Turkish Prime Minister Recep Tayyip Erdogan to Athens (along with vice-Prime Minister Ali Babacan and Foreign Minister Ahmet Davutoglu and several other ministers) in May 2010, the leitmotiv of Greece's continuing support of Turkish accession was vividly present with the barely concealed hope that "the way from Ankara to Brussels" goes through Athens. This supposedly entails a bridging of the disputes over the Aegean, the minorities issue in Thrace and the Cyprus issue to a mutually acceptable solution. Still, whatever "low politics" matters were positively discussed in Athens, matters of "high politics" remained stubbornly blocked. Moreover, in his more extensive presentation of future Turkish priorities, Babacan clearly, though not aggressively, explained Turkey's centre of gravity shift eastwards. Thus, using EU-Turkish relations as a lever for Greek-Turkish (or sub-regional) equilibria to be restored looks less and less like a valid proposition.¹

The main opposition party, centre-right New Democracy (ND), is currently shifting towards far more reluctant positions regarding the perspectives of Turkish accession. The far-right Popular Orthodox Rally (LAOS) is virulently opposed to the idea of "Turkey in Europe", mainly based on purported cultural differences.²

At the same time Greece keeps a low profile concerning the Union for the Mediterranean, notwithstanding the fact that this initiative is of French origin (and Greece tries to keep close to French moves) and that Athens was quite enthusiastic two years ago when the project was ceremoniously launched.³

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¹ Kostas Zepos: The Questionable Outcome of Turkey's Road towards the European Union [in Greek], in: International and European Politics (Vol.17), p. 71.

² For an overview of the opinions towards the Turkey's EU accession, see K. Zepos: The doubtful end of Turkey's road to the EU [in Greek], in: Vyron Theodoropoulos: The diplomat and the teacher, Papazissis/MFA [in Greek], Athens 2010, p. 39.

³ See N. Frangakis: Turkey and the Union for the Mediterranean, in: N. Frangakis (ed.): Turkey, Europe, Mediterranean [in Greek], EKEME/Ant. N. Sakkoulas Publ. 2009, pp. 89-115; A.A. Fatouros: The Union for the Mediterranean: A new presence in our neighbourhood; P. Kasakos: The Mediterranean Union – vision, practical measures, limits; D.K. Xenakis/D.N. Chrysochoou: The Mediterranean in transition; A. Korakas: Agriculture and agricultural inlands in the Mediterranean [in Greek], in: N. Frangakis (ed.): Turkey, Europe, Mediterranean [in Greek], EKEME/Ant. N. Sakkoulas Publ. 2009, pp. 89-115.

Greece

More effective economic coordination to stabilise the Eurozone

A.D. Papagiannidis and Nikos Frangakis*

The acute debt crisis that Greece experienced in the first months of 2010, a crisis that almost brought about default for the country, has dominated public life and monopolised the interest of public opinion. The EC/ECB/IMF agreement¹ for a 110 billion Euro support package, with an extremely strict programme of fiscal retrenchment and structural change, was greeted with huge relief since it followed weeks of unprecedented aggression on part of the financial markets. This assault against Greek bonds caused their spreads to rise to over 400 basis points, while Credit Default Swaps (CDSs) for insurance against Greek default also soared, thus effectively shutting Greece out of the markets.² But the days of negotiation of the EC/ECB/IMF package deeply scarred public opinion, since they associated the sense of helplessness and risk at the hands of the markets with an abrupt reversal of deep stereotypes (according to which the IMF was “the scourge of peoples”, etc.) and with a feeling of quasi hostility on the part of “Europe” or from segments of “Europe”.³ The position taken by Germany on the Greek issue – both from political circles and from populist media, if not from wider public opinion – constitutes the source of a deep change in Greece regarding the notion of European solidarity.⁴ As soon as the extent of the budget cuts and of the labour law-and-pension reform included in the EC/ECB/IMF programme was realised, social unrest came to the surface. Not only the political left (the strict Communist Party of Greece – KKE and the ex-Eurocommunist Synaspismos – SYN) but most remarkably centre-right New Democracy voted against the EC/ECB/IMF package – with the result of being aggressively criticised by members of the European People’s Party (EPP) in the European Parliament.

Both public sector and private sector unions are opposed to the stabilisation attempted. The tone of demonstrations in Greece gets more and more bellicose, while a firebombing of a bank has already claimed four victims. All the while, public opinion watches passively but unrest simmers just under the surface.⁵

The extreme prejudice that the debt crisis brought to Greece, a country that operated for almost a decade as a member of the Eurozone and under the Stability Pact, caused the realisation that more effective economic coordination would have to be established, if the Eurozone is to survive. Thus, the notion of “economic governance” is winning favour, notwithstanding the fact that the Greek economy would have to undergo even deeper structural change (and submit to closer scrutiny) in the future. The concept of “economic governance” supported by France is often discussed, but its effective content is construed in diverging ways according to the audience targeted.⁶

The Lisbon Strategy of 2000-2010 used to be cited as an important EU achievement in Greece, since it would lead to “the most competitive knowledge-based economy in the world”. The fact that the Strategy had been derailed since the mid-2000s received little attention, partly because Greece constantly ranked near the bottom in “Lisbon achievements”. Now, the wave of the financial crisis (and the specific impasse that Greece faces) has shifted attention to more pressing matters. Still, the perspective of a Europe 2020 Strategy is again greeted positively, since, due to the EC/ECB/IMF conditional assistance, the extensive, structural overhaul that will be undertaken makes it possible that, this time, the Lisbon approach will work for Greece.⁷

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¹ Agreement between the European Commission (EC), the European Central Bank (ECB) and the International Monetary Fund (IMF).

² See among others R. Someritis, in: TO VIMA, 25 March 2010; K. Iordanidis, in: KATHIMERINI, 25 March 2010; K. Botopoulos, in: METARRYTHMISSI, Vol. 35, May 2010.

³ See A.D. Papayannidis: Europe “After Lisbon” and Greece as a Companion of Fate, in: International and European Politics (Vol. 17), p. 49; Eliza Papadaki, Before Greece defaulted it was the Institutional Framework of the Euro that Defaulted, p. 28.

⁴ See G. Bakatsianos: International and European Cooperation in front of the financial crisis and Greece [in Greek], in: From Bush to Obama: International Politics in a Changing World, Papazisis, Athens 2010, p. 319.

⁵ See, among many others, S. Kalyvas: Three (comfortable) myths about violence [in Greek], in: KATHIMERINI, 16 May 2010. Here a distinction is made between public unrest and violent acts perpetrated by small marginal groups who rely on the improbability of being arrested and punished.

⁶ See G. Gounaris: Europe after the economic crisis: Institutional Reform and Strategic Options [in Greek], in: From Bush to Obama: International Politics in a Changing World, Papazissis, Athens 2010, p. 330.

⁷ The topic raises an increasing interest among academics and a small circle of politicians and opinion makers on the occasion of various colloquia. EKEME organised on 14 May 2010 a symposium: From the current Crisis to Europe 2020: The EU and Greece in front of the Challenge of Economic Governance, with eminent speakers, including Defence Minister E. Venizelos and J.V. Louis.

Greece**Green ideas supported, but modernisation is a pressing need****A.D. Papagiannidis and Nikos Frangakis***

The new Greek government of centre-left Panhellenic Socialist Movement (PASOK) has strong “Green” beliefs. The run-up to Copenhagen and the workings of Copenhagen proper were closely followed in the media and by public opinion, while a feeling of “lost opportunity” was the main judgment on Copenhagen’s results. Given the ever-present/latent anti-American feeling in Greece, the fact that the USA were (along with China) hesitant in following the EU and adhering to the active environmental agenda of Copenhagen led to strong public sentiment deploring the lack of progress and of tangible results of the conference.¹

There is support for stronger EU environmental initiatives in the follow-up to Copenhagen. Both the internal implementation of measures (in a direction enhancing the so called ‘20-20-20’ objectives) and the international efforts at binding emissions ceilings are deemed necessary for climate change to be credibly faced. Still, the fact that Greek industry – especially power production through the burning of lignite – is visibly trailing the goals set for emissions limitation is little discussed or realised.²

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¹ Emm. Doussis: Seal the Deal: A new approach to Climate Change [in Greek], in: From Bush to Obama: International Politics in a Changing World, Papazissis Athens 2010, p. 240.

² For an overall assessment of Copenhagen, see Spyros Kouvelis: What did not happen in Copenhagen [in Greek], International and European Politics (Vol. 17), p. 161; Theodore Skylakakis: Copenhagen: Great Expectations, a Painful Let-down [in Greek], in: International and European Politics (Vol. 17), p. 165; Dimitris Papadimoulis: After Copenhagen, Where to? [in Greek], in: International and European Politics (Vol. 17), p 168.

Greece**Greek debt crisis strains the EU's commitment to European solidarity****A.D. Papagiannidis and Nikos Frangakis***

The gravity of the debt crisis and the pain experienced due to the EC/ECB/IMF sponsored stabilisation package for 2010-2014 presently dominate public discourse. Drastic cuts to salaries and pensions, combined with higher taxation are measures to be faced by the vast majority of people in Greece. It is to be expected, though, that the questions raised by limited and hesitant European solidarity in face of the onslaught of the financial markets will lead to deeper doubts as to Greece's membership in future.¹ In late 2009 and early 2010, the extent of Greece's budget deficit and the feeling that statistical data were intentionally fudged made for extremely negative comments on the part of EU authorities and for increasing uneasiness on the part of several European capitals; still, the new Greek Government initially insisted that a plan to bring back growth (through assistance to lower-income groups) should be applied, with moves such as cutting back public expenditure and raising taxes coming a distant second. Even more importantly, public opinion was largely supportive of this stance, while "Brussels pressures" (as well as the downgrading of Greek paper by the markets) were viewed as something close to unwarranted external intrusion in national policy-making.

Only the rough ride that Greece experienced in the financial markets – with the spreads for Greek paper surpassing 600 basis point over German Bunds and with Greek banks risking being shut out of ECB financing following the Greek debt downgrades by Fitch, then S&P, and finally Moody's – brought a belated change of attitude. The Greek government found itself in urgent need of Brussels/EC and Frankfurt/ECB support, not so much to reassure the markets but to simply survive. So, when the support mechanism of 110 billion Euros had to be pieced together under extreme market pressure in order to avoid a Greek default in late March, with a severe stabilisation programme agreed upon by Greece with the EC/ECB/IMF – a front-loaded programme of extreme severity, calling for a 10 percent or more cut in public deficits over 3 years and for deep structural changes mainly in social security and the labour market – public opinion was stunned. The very survivability of Greece's political system is under question, especially so if the implementation of the stabilisation programme were to call for incremental spending cuts/tax increases in fall 2010.

The overall series of national positions taken in the EU on solidarity with Greece – culminating in the protracted process to bend Germany's unyielding stance – has given to Greek public opinion food for thought. The fact that the stabilisation programme, conditional to which EU/IMF financial support was provided, was only supported by the governing party (PASOK) along with the far-right LAOS, while the main opposition party (center-right Nea Dimokratia – ND) voted against it (with the sole exception of ex-Foreign Minister Dora Bakoyannis, who then promptly quit ND) along with the Communist Party (KKE) and (ex) Euro-Communists (SYN-SYRIZA), should also be noted. Whatever the exact future of the stabilisation effort in Greece, the country's "European identity" will probably be radically redefined in the process.

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¹ The literature regarding this matter is already immense, at least in terms of reports and articles published daily in the Greek and international press and the electronic media; it is therefore hard to summarise it in this paper. See, for a very brief overview, N. Frangakis: Greece is not just Europe's black sheep – it's truculent, too, in: *Europe's World*, Spring 2010, pp. 164-165.

Questionnaire for EU-27 Watch, No. 9

Reporting period December 2009 until May 2010 – Deadline for country reports 21 May

All questions refer to the position/assessment of your country's government, opposition, political parties, civil society organisations, pressure groups, press/media, and public opinion. Please name sources wherever possible!

1. Implementation of the Lisbon Treaty

On the 1 December 2009 the EU-reform ended with the entering into force of the Lisbon Treaty. However, the new treaty provisions still have to be implemented. Some procedures and conditions have to be determined. In other cases, procedures, power relations, and decision-making mechanisms will change due to the new provisions.

- How is the work of the new President of the European Council, Herman Van Rompuy, assessed in your country? Which changes to the role of the rotating council presidency are expected?
- How is the work of the new High Representative of the Union for Foreign Affairs and Security Policy, Catherine Ashton, assessed in your country? Please take into particular consideration both her role within the European Commission and her relationship to the Council of the European Union.
- On 25 March 2010 a "Proposal for a Council Decision establishing the organisation and functioning of the European External Action Service" was presented. How is this concept perceived in your country? Which alternatives are discussed?
- On 31 March 2010 the European Commission presented a proposal defining the rules and procedures for the European Citizens' Initiative (ECI). What are the expectations for the ECI in your country? What are the various positions concerning the rules and procedures?

2. Enlargement and European Neighbourhood Policy

The European Commission has given its opinion on Iceland's application for EU-membership and a decision from the Council is expected before the end of June. Croatia seems to have settled its border dispute with Slovenia. Against this background:

- Which countries does your country expect to become members of the European Union in the next enlargement round? What are the opinions in your country on the membership of these countries?
- How are the membership perspectives of those countries discussed, which are not expected to become a member in the next enlargement round?

The Eastern Partnership and the Union for the Mediterranean were the last major projects dealing with the European neighbourhood:

- How are these projects assessed in your country?

3. European economic policy and the financial and economic crisis

The European Council agreed on 25/26 March on the key elements of the Europe 2020 strategy, the successor of the Lisbon strategy. While not being on the formal agenda the economic and financial situation in Greece was discussed. The European Council agreed on a finance package combining bilateral loans from the eurozone and financing through the International Monetary Fund.

- How is the finance package for Greece assessed in your country? Are there any opinions on the process, how the agreement on the package was reached?
- Which lessons should be drawn from the Greek case for a reform of the Stability and Growth Pact?
- How is the idea of "a strong coordination of economic policies in Europe" perceived in your country? What concepts of an European economic governance are discussed in your country and which role do they assign to the Euro group?
- How is the Europe 2020 strategy discussed in your country? What are the priorities for the Europe 2020 strategy from your country's perspective?

4. Climate and energy policy

The climate conference in Copenhagen took note of the Copenhagen Accord but did not reach a binding agreement. The next conference of the parties (COP 16 & CMP 6) will take place at the end of November 2010.

- How is the Copenhagen conference assessed in your country? Please take into consideration the negotiation strategy of European Union and the results of the conference.
- Does the European Union need to change its own energy and climate policy in order to give a new impulse to the international negotiations?
- Is a global agreement within the UNFCCC the best strategy to fight climate change? If not, which alternative strategy should the European Union follow?
- What is your country's position on financing mitigation and adaptation efforts in developing countries?

5. Current issues and discourses in your country

Which other topics and discourses are highly salient in your country but not covered by this questionnaire?