

# EU-27 WATCH

**No. 9**  
July 2010

ISSN 1610-6458

[www.EU-27Watch.org](http://www.EU-27Watch.org)

# 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](http://www.EU-27Watch.org).

The EU-27 Watch No. 9 receives significant funding from the **Otto Wolff-Foundation, Cologne**, in the framework of the *"Dialog Europa der Otto Wolff-Stiftung"*, and financial support from the **European Commission**. The European Commission is not responsible for any use that may be made of the information contained therein.



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**Slovenia****Situation in Greece widely discussed: strict adherence to obligations demanded****Andreja Slomšek and Jure Požgan**

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The economic and financial crisis in Greece has been among the most often discussed issues in Slovenia, not only by the media, but also by a number of economy experts as well as by trade unions and politicians. Regarding the financial aid package for Greece from the EU, the government of the Republic of Slovenia, along with other Eurozone members, supports the motion to assist Greece in order to ensure the stability of the Euro area, in which Slovenia has recognised and realised its vital economic and export interests. The Slovenian government supports the assistance, because the country's key markets are in the Euro area, hence the destabilisation of this area would be particularly detrimental to the small, open and inter-connected Slovenian economy. However, Slovenia has not yet decided to grant its assistance to Greece unconditionally; namely, as part of the Greek programme, Slovenia calls for strict adherence to the obligations arising from the aid programme and a transparent timeline that will be verified by the European Commission. Individual amounts of financial assistance released by the Commission should be subject to Greece meeting its obligations.<sup>1</sup>

Slovenian political parties are even more sceptical about the financial aid package for Greece. One of the coalition parties, Zares, called on the Slovenian government to carefully deliberate the financial assistance to Greece, since it will represent a major financial burden for Slovenia. Zares also believes that the reason for the Greek financial crisis is its irresponsible behaviour. This is why Zares called for "responsible mutual solidarity." The opposition parties are even more critical in this respect. The leader of the Slovenian Democratic Party (SDS) and former PM, Janez Janša, assessed the financial assistance to Greece from other Euro member states as inefficient and unfair if compared to Slovenian, Slovakian and other European workers that have lower average salaries than workers in Greece. In addition, the Slovenian National Party (SNS) is strongly opposed to the "generous" financial aid of Slovenia for Greece, since Slovenia is itself facing a budget deficit and increasing public debt. The President of the Slovenian People's Party (SLS), Radovan Žerjav, is also opposed to the aid for Greece, if given without "drastic savings, immediate reforms and an end of street vandalism" in Greece itself. According to Radovan Žerjav, the loan to Greece is extremely risky and could further strain the already poor state of Slovenian public finances and public debt. The SLS highlighted that Slovenia has no budget funds to help Greece, assuming that the Slovenian government will seek out additional borrowing, to which the SLS is strongly opposed.<sup>2</sup>

The government's decision to approve financial aid to Greece has also caused a thunderous response from the Association of Free Trade Unions of Slovenia. Dušan Semolič, the President of the Association of Free Trade Unions, is convinced that, in the case of Greece, the "disaster" is a result of irresponsible, speculative and immoral behaviour of those who have led and managed Greece. Therefore, trade unions strongly oppose the aid package, since it is only intended "to help those institutions and politicians who have caused this crisis, while the Greek workers will not benefit from the aid."<sup>3</sup>

On the other hand, leading Slovenian economists do not entirely share this opinion. Bogomir Kovač, a professor at the Faculty of Economics, University of Ljubljana, believes that it was a step in the right direction, where the EU as an institution came to the forefront and was able to develop its own agenda for addressing the problem. In contrast, Jože Mencinger, a professor at the chair of Legal and Economic Science at the Law Faculty, University of Ljubljana, is not so sure about the appropriateness of the action taken. In his opinion, it was adopted in panic and aims to reverse financial speculation.<sup>4</sup>

*Lessons for a reform of the Stability and Growth Pact*

Given its experience regarding the Eurozone's functioning in accordance with the Maastricht rules, the Slovenian government has found that these rules have not been followed strictly enough. Therefore, Slovenia is in favour of a reform of the Stability and Growth Pact as follows: tighter controls must be put in place within the EU, particularly within the Eurozone, to monitor implementation of the Stability and Growth Pact. This especially refers to the monitoring of measures in order to stabilise public

finances in Greece and other countries with excessive deficits and debts. This situation calls for immediate institutional changes to the Stability and Growth Pact, which must include both clear provisions regarding the accession of new members and mechanisms for expulsion from the common currency area in the event of regulatory breaches. The fiscal policies of Eurozone member states, particularly in regard to indirect taxation, must be better coordinated. Private financial institutions, which are creditors of the Greek national debt, should take on a proportional share of responsibility for ensuring implementation of the Greek programme. The Eurozone should establish tougher mechanisms to maintain a stable currency. As part of the Greek programme, Slovenia calls for strict adherence to the obligations and deadlines arising from the programme.<sup>5</sup>

#### *Euro area needs a serious shift in the way it organises mutual cooperation*

By focusing on Greece and the financial aid package, the idea of “a stronger coordination of economic policies in Europe” has not been publicly discussed. But, according to the government, Slovenia believes that immediate institutional changes to the Stability and Growth Pact are needed, and, more importantly, they must include both clear provisions regarding the accession of new members and mechanisms for expulsion from the common currency area in the event of regulatory breaches. Also, the fiscal policies of Eurozone member states, particularly in regard to indirect taxation, must be better coordinated.<sup>6</sup>

Janez Potočnik, the European Commissioner for the Environment, has held the lecture “Current challenges of globalised Europe” at the International Forum at the Law Faculty in Ljubljana on 7 May 2010, where he pointed out that the Euro area needs a serious shift in the way it organises mutual cooperation. He stressed that more movement in the area of coordination of economic policies (macroeconomic, fiscal and structural) is needed at the European level. “Since we have the same currency, we have the same orientation, or compass”, he illustrated. And, according to Potočnik, “the Greek trouble” is forcing everyone to rethink what is sustainable and which systems are required in order to maintain stability.<sup>7</sup>

#### *Europe 2020 Strategy: A step in the right direction*

The Europe 2020 Strategy has, so far, not been much discussed in Slovenia. The Government Office for Development and European Affairs assessed the proposal for the new economic Europe 2020 Strategy as a step in the right direction. It should add to the endeavour of the member states and the European Commission to achieve the objectives that will enable the EU to compete with other important economic areas in the world. In this respect, Slovenia welcomes the Europe 2020 Strategy and hopes that this Strategy will be more successful than the Lisbon Strategy of the last decade. On the other hand, Slovenia has some serious comments regarding its content. It considers the Strategy to be only the initial proposal that the member states need to examine carefully and, above all, establish which elements – of both the Strategy and the national reform strategies of the individual member states – could lead to the actual implementation of objectives and priorities. In order to achieve real progress, there is need for detailed specification and measurability of the objectives, as well as a correlation and harmonisation of EU objectives with the national programmes. As shown by past experiences, the Lisbon Strategy has been poorly managed. This is why Slovenia expects that the institutional arrangement for Strategy implementation will be improved.<sup>8</sup> Slovenia does not expect to have problems with the majority of proposed targets, although not all of them can be achieved at the moment. Targets that represent major challenges are: the “20/20/20” climate/energy target, 3 percent of gross domestic product (GDP) investment in R&D, 75 percent employment rate of the population aged 20-64, 40 percent of the younger population with a tertiary degree, and a reduction of poverty, especially the “at-risk-of-poverty” rate.<sup>9</sup>

<sup>1</sup> Government of the Republic of Slovenia: Government’s position on financial assistance to Greece, 6 May 2010, available at: [http://www.vlada.si/en/news/press\\_releases/press\\_release/article/5/9537/c2838d536e/](http://www.vlada.si/en/news/press_releases/press_release/article/5/9537/c2838d536e/) (last access: 17 May 2010).

<sup>2</sup> Dnevnik: Obdobje krize ali priložnosti za EU? Finančna pomoč Grčiji sproža mešane odzive (The period of crisis or opportunity for the EU? Financial aid to Greece raises mixed reactions), 5 May 2010, available at: <http://www.dnevnik.si/novice/eu/1042357229> (last access: 18 May 2010).

<sup>3</sup> Delo: Grški delavci od pomoči ne bodo dobili nič (Greek workers will not get anything from the aid), 7 May 2010, available at: <http://www.delo.si/clanek/105724> (last access: 18 May 2010).

<sup>4</sup> STA: Odločitev finančnih ministrov EU naj bi pomerila trge, ekonomisti različnih mnenj (Decision of financial ministers of the EU should reassure the markets, economists do not share the same view), 10 May 2010, available at: <http://www.sta.si/vest.php?s=s&id=1511350&q=EKONOMIS+O+RE%C5%A0EV+GR%C4%8CIJ> (last access: 18 May 2010).

<sup>5</sup> Government of the Republic of Slovenia: Government’s position on financial assistance to Greece, 6 May 2010, available at: [http://www.vlada.si/en/news/press\\_releases/press\\_release/article/5/9537/c2838d536e/](http://www.vlada.si/en/news/press_releases/press_release/article/5/9537/c2838d536e/) (last access: 17 May 2010).

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<sup>6</sup> Ibid.

<sup>7</sup> Dnevnik: Potočnik o grški krizi: Stanje je v Evropi in na območju Evra zelo resno (Potočnik about the Greek crisis: The situation in Europe in Eurozone is very serious), 7 May 2010, available at: [http://www.dnevnik.si/novice/aktualne\\_zgodbe/1042357736](http://www.dnevnik.si/novice/aktualne_zgodbe/1042357736) (last access: 18 May 2010).

<sup>8</sup> Government Office for Development and European Affairs: Statement for the media by Minister Mitja Gaspari on the "Europe 2020" Strategy proposal, 3 May 2010, available at: <http://www.svrez.gov.si/nc/en/splosno/cns/news/article/2028/2403/> (last access: 18 May 2010).

<sup>9</sup> Government Office for Development and European Affairs: Strategy Europe 2020: A New Strategy for Jobs and Growth, 4 May 2010, available at: [http://www.svrez.gov.si/en/activities/strategy\\_europe\\_2020/](http://www.svrez.gov.si/en/activities/strategy_europe_2020/) (last access: 18 May 2010).

## 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?