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Providing Leadership in Turbulent Times?

A Preview of the Swedish EU Presidency 2009

■ This paper previews Sweden's EU Presidency, which it will hold during the second half of 2009. The paper starts with a brief overview of the European context, the political situation in Sweden and organisational aspects of the Presidency. The analysis then moves on to a detailed discussion of different prioritised policy areas based on various primary sources, such as ministerial speeches and interviews with civil servants.

■ The economic crisis and the uncertainty about the future of the Lisbon Treaty will affect the Swedish Presidency profoundly. Although the Swedish government has recently downplayed priorities and expectations, our analysis concludes by identifying a number of areas to which the Swedish Presidency is likely to devote most of its energy, as well as what would be required for the Presidency to be considered a success.

■ Apart from managing the economic crisis and the Lisbon Treaty, the most highly prioritised areas are likely to be climate change, the Baltic Sea Strategy and the Stockholm Programme. The Eastern Partnership and further enlargement of the EU are also likely to figure high on the agenda.

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1 Introduction

The Swedish Presidency – from 1 July to 31 December 2009 – will take place during a particularly challenging period. It is of course an autumn presidency, effectively shorter than a spring presidency. Also, there will be a new Commission and a newly elected European Parliament. Although the latter's first concern will be intra-parliamentary matters such as the allocation of positions, it will then be ready to flex its muscles. On top of all this, the constitutional situation will add to the uncertainties and the Presidency will have to plan for implementing the Lisbon Treaty if Ireland votes »yes«, as well as contingency plans if the Irish reject the Treaty once again. In effect, the Swedish government is preparing to hold the Presidency under the Nice Treaty rules, but is also geared up for switching to the Lisbon Treaty.¹ Factors exogenous to the Swedish political system therefore affect planning, prioritising and the delivery of results. Any Presidency is likely to face unexpected challenges capable of turning the most carefully planned agenda upside down, whether it be a crisis in the Caucasus or the Middle East or a severe financial crisis, and the current Trio Presidency (Czech Republic, France and Sweden) is clearly no exception.

This paper sets out to predict some of the policy priorities of the upcoming Swedish EU Presidency. At the time of writing, three months ahead of inauguration, we have at our disposal fairly substantial empirical materials, including the Trio programme, speeches and statements by various ministers, position papers and interviews with a number of senior officials. Nevertheless, when it comes to the final decisions regarding the Swedish government's priorities we can make only informed guesses and this analysis should be treated accordingly. The government is expected to present its priorities formally in its working programme just before succeeding the Czech Presidency.

2 The European Context

The European Parliament elections and the investiture of the new Commission are likely to slow down the decision-making machinery of the Union during early autumn 2009. Low voter turnout in the elections may spark a new debate on the legitimacy of

the Union and the distribution of seats may lead to political uncertainty. These are just some of the contingencies that may affect the Swedish Presidency within the framework of the political renewal that takes place every five years. The uncertainties regarding the constitutional framework will also have a bearing on the Swedish Presidency. If a new Irish referendum is held in autumn 2009 – on 8 October, according to some – this will create additional tensions and the EU will hold its breath right up until the announcement of the result. In the case of yet another Irish »no« the constitutional issues and issues of EU legitimacy will once again come to the fore.

2.1 The Constitutional Framework

Unless some very unlikely scenario emerges, Sweden will hold the EU presidency under the rules of the Nice Treaty, at least for the first few months. Under the current constitutional framework roles and tasks are relatively predictable and »safe«, but the timing and result of the second Irish referendum will cast over Sweden's Presidency a shadow of almost unprecedented institutional uncertainty and possible fluctuation. There are a number of practical and political challenges that need to be managed, of which we will highlight only a few. First there is the question of whether the Lisbon Treaty will come into effect during the Swedish Presidency and here the government is preparing for a number of different scenarios, the most likely of which involves the Lisbon Treaty entering into force on 1 November if the second Irish referendum reverses the previous result (and if the Poles, Czechs and Germans submit their ratification instruments as well). Planning for this raises a number of intricate questions and is made more complicated by the sensitivity of being seen to be planning for an Irish »yes« vote ahead of the referendum. But if the Treaty is to enter into force shortly afterwards, there must be at least informal planning.

It is likely that the questions regarding the form of the Irish guarantees will be resolved at the June Summit during the Czech Presidency. It is also likely that this will manifest itself as a decision between the Member States that will be binding under international law and submitted to the UN, as was the case for the Danes during Maastricht (the Edinburgh agreement). The current tensions are related to whether the Member States should commit themselves to drawing up a new protocol, which is seen

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¹ Cecilia Malmström, Minister for European Affairs, Newsletter, 24 September 2008.

by some as an invitation to Member States to seek redress for any number of grievances and so be something of a Pandora's box. As it seems unlikely that the Irish will have a second vote on the same issue – the Lisbon Treaty – some kind of declaration addressing Irish grievances will need to be in place before a referendum is called.

Turning to a scenario in which the Swedish Presidency implements the Lisbon Treaty there is a long list of practical issues that will have to be prepared informally, such as the Rules of Procedure of the European Council, the External Action Service and the budget. To complicate matters even further, these issues cannot be agreed even informally since many current players, such as the MEPs and the Commission, will no longer be around in the autumn. In this paper we shall highlight only two of the more pressing issues that will complicate the lives of the Swedish government and the civil servants involved in trying to solve them: the number of MEPs and the timing of appointing a new Commission President.²

To start with the second issue, there are two main alternatives. The first alternative, which seems to be preferred by the Swedish government, is to appoint a Commission President during the summer who would then be able to work informally to try to put together a new team of Commissioners that would be ready for hearings in the European Parliament in November and December. The President would also be an important counterpart to the Presidency between July and November. The other alternative is to delay this appointment until autumn and make the post a piece in the large institutional jigsaw of appointments in conjunction with the entering into force of the Lisbon Treaty. At least which alternative will be chosen should become clear during the Czech Presidency.

Formally more complicated is the question of the number of MEPs, given the transitional measures to adjust the number of MEPs from the Nice distribution to the Lisbon one (agreed by the European Council on a proposal from the European Parliament). Without entering into details there will be four (German) MEPs too many after the Lisbon Treaty enters into force and 12 Member States will have increased their number of MEPs in accordance with the proposed distribution. To rectify this, the Member States will have to make a constitutional

decision – a mini IGC – which will have to be ratified by all Member States after the Lisbon Treaty enters into force in order to allow 754 MEPs during the 2009–2014 parliament instead of the 750 laid down by the Lisbon Treaty.

These are just some of the more or less intricate issues facing the Swedish Presidency related to the possible implementation of the Lisbon Treaty.

2.2 The Financial and Economic Crisis

The onset of the financial and economic crisis in 2008 will indisputably have an impact on the Swedish Presidency. The programme of the French, Czech and Swedish Trio was drafted before the crisis struck the European economies and the agendas of the first two Trio presidencies have been dominated by it.

On a more general level, there are many diverging views concerning the impact the current crisis will have on European integration. At the risk of oversimplifying we can extrapolate two opposite lines of reasoning here. The first argues that historically European integration tends to take significant steps forward in times of crisis. Jacques Delors, for example, has advanced this idea.³ European leaders' rapid reactions to the crisis last autumn and the initiatives concerning the regulation of the financial markets are examples of this. The contrary line of reasoning is found among those who argue that the EU is ill-suited for dealing with a crisis of this sort and that there is considerable risk of an increased expectations–capability gap since the EU as an actor does not have the powers to combat economic crisis. The economic crisis is affecting the Member States in different ways, thereby posing a real threat to solidarity.

Which of the above will prove more accurate is a question that will remain unsolved well beyond the Swedish Presidency. However, there is another set of urgent issues. First, there is the concern about the functioning of the Single Market and compliance with its rules. Many Member States have taken – and will continue to take – actions to alleviate the effects of the crisis. The major worry here is whether those actions are in line with the rules on state aid. There are serious concerns that the economic crisis will open the door to protectionism and the Commission is closely monitoring developments.

² See also the tripartite report by the Constitutional Committee of the European Parliament, 2008/2063 (INI), 2008/2073 (INI), 2008/2120 (INI).

³ Interview with Jacques Delors in *Le Figaro*, 3 March 2009, »L'Europe a toujours progressé en temps de crise.«

However, we still do not know how effective it will be in maintaining the Internal Market in the face of increasing temptations for Member State governments to prop up their own industries. The history of the stability pact is not encouraging in this respect. The second concern is more general, namely what scope is there for politics when economic constraints are so powerful? The relevance of this for the Swedish Presidency is perhaps most evident in relation to the possibilities of achieving a good climate protocol and how such ambitions might be funded.

3 The National Context

The general attitude of the mainstream Swedish political parties towards the EU has been rather cautious; they have developed their ideas and preferences carefully so as not to provoke internal disputes or losses in the electoral arena.⁴ The main principle has been that the EU should essentially deal with policy areas that have truly cross-border implications. The prime example of this kind of issue is the environment. There is a strong cross-party consensus in favour of successive enlargements of the EU. While public opinion towards the EU itself is relatively critical compared to other Member States, enlargement is something that polls very positively among Swedes. While it is seldom advanced officially, the flipside of the support for enlargement is a reluctance to accept developments leading to a more federal Europe: in other words, widening is preferred to deepening.

During the first Swedish Presidency in 2001, the then Social Democratic government prioritised three »Es«: Enlargement, Employment and Environment. It should be noted that both the European and the national contexts were different then; in particular, it is worth highlighting that the Swedish government at the time was a one-party minority government headed by the Social Democrats, while the next EU presidency will take place under a stable centre-right majority coalition government. Even though policies towards the EU have traditionally been rather consensual – with the exception of the Left and the Green Party – there are signs that the

European dimension is increasingly becoming politicised.

3.1 The Swedish Perspective Ahead of the Trio Programme

»We are, as a matter of fact, reasonably pleased with the [Trio] programme. It is well in line with the priorities advocated by Sweden. Bearing in mind that we are three different countries with different baselines on many issues, we think that it has turned out to be a good programme.«⁵

The Swedish priorities going into the negotiations on the 18-month programme were presented at a press conference on 23 October 2007 and included:

- climate, the environment and energy;
- employment, growth and competitiveness;
- a more secure and open Europe;
- the Baltic Sea and relations with the neighbouring area;
- the EU as a global actor and further enlargement.

All these themes are mentioned in the introductory section to the strategic framework of the Trio, together with a number of other themes and issues. The alert reader will note that the three »Es« were all recycled from the Swedish 2001 Presidency, although this time around they were embedded in a broader context. In fact, there is a reluctance to talk about priorities as such, in relation to both the Trio programme and the Swedish Presidency; rather the preferred terminology tends to be »themes« and »deliverables«.

3.2 The Presidency and the Political Opposition

The Social Democrats have launched their alternative programme for the presidency.⁶ They are critical of the government's handling of the European Court of Justice's judgments in the *Laval* and *Rüffert* cases, and also believe that this might further dampen enthusiasm for European integration. The party and the blue-collar trade union LO have asked for a

4 Nicholas Aylott (2002), »Let's discuss this later: party responses to euro-division in Scandinavia«, *Party Politics* 8 (4), pp. 441–61. Karl Magnus Johansson and Tapio Raunio (2001), »Partisan responses to Europe: Comparing Finnish and Swedish political parties«, *European Journal of Political Research* 39 (2), pp. 225–49.

5 Cecilia Malmström, Minister for European Affairs, European Affairs Committee, Anf. 37, 13 June 2008.

6 Socialdemokraternas prioriteringar inför EU-ordförandeskapet 2009: ett hållbart, tryggt och solidariskt Europa. http://www.socialdemokraterna.se/upload/Central/dokument/pdf/PM_krav_14majRapport.pdf.

Swedish initiative on a modified Posted Workers Directive. They seek a directive that guarantees trade union rights and collective agreements and does not lead to unfair competition and lower wages.⁷ The government, as a defender of the Swedish model, has argued that opening negotiations on the Posted Workers Directive may lead to a deal that is worse than the current one and so will not give priority to this issue. The Social Democrats have also criticised the government for its lack of priorities – in parallel to the three »Es« of the 2001 Presidency, they have advanced three »Ss« for the 2009 Presidency: Sustainability, Security and Solidarity. They propose, among many other things, that the Swedish Presidency work for a new and ambitious agreement to replace the Kyoto Protocol and a new common climate directive, and promote renewable energy, trade union rights, a strategy for knowledge, control of cross-border crime, continued enlargement to include Croatia and Turkey and a common asylum system.

The government has repeatedly asked for a temporary cessation of political conflict during the Presidency, thereby allowing it to focus on its European role, but this has not encountered much understanding from the opposition. During the 2001 Presidency the main opposition parties agreed a »truce« (*Burgenfried*) with the government. In the majority this time around, the non-socialist alliance has asked that the Social Democrats reciprocate. In a parliamentary debate on 19 March, speakers from government parties emphasised the importance of opposition support during the Presidency. For example, Christian Democrat Holger Gustafsson said: »Finally, I would like to express my regret that the Social Democrats and the left parties are unwilling to support the government during the six months of the presidency. We did so in 2001. We did not share the policy [of the government], but we acted for the sake of Sweden. I think you are letting Sweden down by the way you are acting today.«⁸

It will come as no surprise to the government that the eurosceptic parties – within and outside the Riksdag – are critical of its European policies. The Left Party is focusing a lot of energy on labour market relations and the Greens on climate change. In contrast, under normal circumstances the constructive support of the largest opposition party, the

Social Democrats, would be expected. In fact, the two main opponents in Swedish politics – the Moderates and the Social Democrats – have rather similar views on European integration, built on a basically intergovernmental understanding of the EU, with strong support for enlargement and a preference for an institutional *status quo*.⁹

It is important to take the electoral calendar into account. The European Parliament elections will be held just weeks before the EU Presidency starts and the next general elections are due in September 2010. This means that the level of political competition will be relatively high during the Presidency. While the government side can hope for an opinion poll boost, the opposition parties will need to sharpen their profile in order to attract attention. The Swedish party system is currently characterised by two increasingly cohesive blocs competing for government. And in the face of relatively low ideological polarisation, »leadership« is coming to the fore. The current economic crisis has put even more focus on personal qualities, especially in relation to Prime Minister Reinfeldt and leader of the opposition Mona Sahlin. Reinfeldt is obviously hoping for increased support for his government, his party and himself during the Presidency by showing his international leadership skills. During the 2001 Presidency the then PM Göran Persson enjoyed such a boost.

3.3 Organisational Aspects of the Presidency

Since we address the organisational aspects of the Presidency elsewhere we shall provide only a brief outline here.¹⁰ Prime Minister Fredrik Reinfeldt is the minister in charge of the Swedish Presidency, but in practice State Secretary Gustav Lind will have substantial responsibility for process and organisation. In organisational terms this means that, as in 2001, the Prime Minister's Office will be the lead »ministry« for the Presidency. This is a logical approach since nowadays it handles the general coordination of European affairs. However, the two State Secretaries in charge of European affairs within the Prime Minister's Office left the government about a year before the Presidency is due to start, giving rise to

7 See, for example, the top candidate for the EP elections Marita Ulvskog in *Debate on topical EU-issues* on 19 March 2009, anf. 2, Swedish Riksdag.

8 *Debate on topical EU issues*, Riksdagen prot. 2008/09:83 anf. 19, Swedish Riksdag.

9 Göran von Sydow (2002), »Partierna, EU och demokratin«, in Erik Amnl and Lars Ilshammar (eds), *Den gränslösa medborgaren*, Stockholm: Agora.

10 See Göran von Sydow and Fredrik Langdal (2008), »Sveriges EU-ordförandeskap 2009 – Några preliminära observationer«, *Internationella Studier* (4).

worries about continuity.

Given that the government consists of four political parties, each heading different ministries, intragovernmental coordination will be of particular significance in pursuit of a coherent and effective Presidency. Partly for this reason the preparations thus far have been highly centralised and, according to some civil servants, managed more by politically appointed actors rather than by civil servants, in contrast to the 2001 Presidency.¹¹ The Permanent Representation in Brussels should not be sidelined when the actual work begins within the various Council constellations under Swedish chairmanship.

Where there is a need for political coordination between the 12 different ministries and the 22 ministers the Prime Minister's Office will arbitrate. During the Presidency the Minister for European Affairs will be concerned mainly with relations with the European Parliament, which over the last decade have become ever more time-consuming for the Presidency.¹²

4 The Priorities of the Presidency

Although it is the task of the Presidency to act in the interests of the European Union as a whole, no country holding the Presidency can entirely resist the temptation to set priorities which are close to its own heart. That is not to say that Presidency agendas are normally »nationalistic«, but inevitably a little extra effort is expended on particular issues. A Swedish government can be expected to promote issues concerning transparency, gender equality, human rights and a strict(er) EU budget, for example.¹³ However, as already noted, most of the

agenda is exogenously determined and the role of the Presidency is mainly to broker deals and manage business.¹⁴ In the following sections we shall address each of the themes prioritised by the Swedish government for the Trio Programme by looking at its positions on the issues in question. With reference to the Swedish positions on the Trio Programme and other sources currently available we shall try to extrapolate what may be included in the Swedish programme.

Recently the government has been playing down particular priorities. Carl Bildt commented in the Statement of Government Policy on 18 February that »2009 may well prove to be a year of crisis management. For this reason, we cannot rule out the possibility that our presidency will be largely shaped by unexpected events.«¹⁵ This is of course to underestimate the ongoing political and legislative work within the EU that is not dependent on unexpected events, and Bildt is here referring mainly to foreign affairs. However, recently we have witnessed Presidencies whose prepared priorities have slid out of their hands due to external events.

4.1 Climate, Environment and Energy

All Swedish political parties are comparatively progressive when it comes to environmental policy and climate change, though there are still significant differences between and within parties, particularly in relation to nuclear power. Illustrative in this regard are the negotiations on burden sharing within the framework of the so-called »20–20–20 deal« in spring 2008, when the government was accused of setting the Swedish commitment to renewable energy (including hydrogen power) too low, at 49 per cent. To illustrate domestic dynamics regarding energy and climate change we shall briefly outline the domestic tensions in this area as they may affect the Presidency but also because they may be interesting to readers not familiar with Swedish energy policy.

11 Interview with senior civil servant, Stockholm, 16 July 2008.

12 Jonas Tallberg (2006), *Leadership and Negotiation in the European Union*, Cambridge: Cambridge University Press, p. 70.

13 The Minister for European Affairs has on different occasions advanced the budget review as an additional general priority. The budget review was meant to be finalised before the end of the term of the current Trio. However, any progress on this matter is dependent on the Commission's Communication. The Commission has not yet delivered its view on the matter, however, and at present the best guess seems to be that they will not do so until a new Commission is in place. This means that the Swedish Presidency will only start the work on this issue and leave the bulk of it to the following Spanish Presidency in 2010. In recent parliamentary debate the Minister for European Affairs has expressed her disappointment about the Commission's slow handling of this issue. She in turn has been criticised by the Social Democratic top candidate for the European elections for not being active enough on this matter (Riksdagen prot 2008/09:83).

14 On the role of the Presidency, see, for example, Jonas Tallberg (2004), »The power of the Presidency: brokerage, efficiency and distribution in EU negotiations«, *Journal of Common Market Studies* 42 (5), pp. 999–1022, and Robert Thomson (2008), »The Council Presidency in the European Union: responsibility with power«, *Journal of Common Market Studies* 46 (3), pp. 593–617.

15 Carl Bildt, *Statement of Government Policy*, available in English at <http://www.sweden.gov.se/content/1/c6/12/07/5716af6d6b7.pdf>

The Domestic Energy Context ...

To cut a long and complicated background story short, Sweden held a referendum on the use of nuclear power in 1980, in the aftermath of the Three Mile Island incident, which resulted in a compromise phasing out nuclear power as alternative sources became available and ending the construction of nuclear power plants. In the political debate this came to mean that nuclear power should be phased out by 2010, a date which was subsequently pushed further into the future. Until recently Swedish political parties had merely paid lip service to respecting the result of the referendum, but as carbon dioxide has become increasingly politicised the proponents of nuclear power have become increasingly audible. For the past 10 years, support for the continued use of nuclear power has been increasing steadily, and since 2002 such support has achieved the ascendancy over those who favour its cessation. The latest figures show public opinion solidly in favour of retaining nuclear power, with 51 per cent were in favour and 31 per cent against.¹⁶

The increasing prominence of climate change on the political agenda and the shift in public opinion have led the current Swedish government to be the first to challenge the referendum result, and it has made the continued use of nuclear power integral to its climate policies. Behind this apparent U-turn it is important to keep in mind the increasing polarisation of Swedish politics in terms of two competing party coalitions. Within the governing coalition, the Centre Party has traditionally been a leading proponent of the abolition of nuclear power, but has now made concessions to allow for the replacement of existing plants in exchange for a push for renewable energy. In particular the share of wind power is to be increased to a target 30 TWh by 2020. Once the coalition government had agreed on a comprehensive deal on energy policy, the opposition parties were invited to discuss the framework for ensuring a stable framework for the energy sector. However, these talks failed and the current opposition will reverse the decision on nuclear power if it wins the election in 2010. Under such circumstances the present incentives to invest in new nuclear power must be seen as close to zero, in particular since the current plants have at least another two decades before reaching their life expectancy.

¹⁶ Per Holmberg and Sören Holmberg (2009), »Lsikter om energi och kärnkraft, Forskningsprojektet Energiopinionen i Sverige«, SOM Institutet (March).

On 11 March the government introduced two government bills, on energy and climate change, which set out the following goals for 2020:

- 40 per cent reduction of climate change, including emissions (non-traded sector);
- 50 per cent renewables in the energy mix;
- 20 per cent more energy efficiency;
- 10 per cent renewables in the transport sector.¹⁷

The proposals have been described as the most ambitious in Europe – and even in the West – but this has failed to appease the opposition (see below). At the risk of deviating even further from the issue of the Presidency it might be illuminating to consider very briefly the instrumental cornerstones of Swedish climate policy. Taxing CO₂ emissions and energy has »traditionally« been seen as one of the most important and effective policies in this area. The use of incentive structures such as tax reductions and subsidies for wind power, solar power and bioenergy, along with supporting R&D for technological development, have also been – and remain – important. Recently, the transport sector has gradually been targeted by means of, for example, subsidies for cars running on biofuels and electricity, differentiated taxation based on carbon emissions and incentives in public procurement. In an international context, the European Trading Scheme (ETS) and the Clean Development Mechanism (CDM) – the latter plays a prominent role in the recently introduced bill – have been important.

... May Affect the Presidency's Room to Manoeuvre

The opposition is presently applying most of its weight to economic issues and the energy/climate nexus, which makes it a matter of particular concern in relation to the Swedish EU Presidency. If there is a change in government in 2010 the new administration will tear up the agreement on nuclear power, which it plans to phase out as soon as it can be substituted with renewable energy.¹⁸ The opposition is also highly critical of the methods – in particular, the heavy reliance on CDM – that the government has chosen in its climate bill and of

¹⁷ Ministry of Enterprise and Ministry of the Environment, »Klimat- och energipolitik för en hållbar framtid«, PM, 11 March 2009.

¹⁸ The joint energy agreement of the opposition parties was presented in Mona Sahlin et al., »Kärnkraften kvar tills den kan ersättas«, in *Dagens Nyheter* (22 March 2009).

what they see as its lack of ambition. The reduction of 20 million tonnes of emissions by 2020 is distributed as follows, according to the Green Party; nine million tonnes have already been reduced or are subject to decisions made by previous governments; two million tonnes are decided within the EU; six and a half million tonnes are to be reduced in third countries, mainly through CDM; and two and a half million tonnes in reductions are to be carried out domestically, but not implemented until after the next election.¹⁹ The government is seen as too timid, not allowing Sweden to bear a fair share of the burdens. This is one area in which the government cannot count on the support of the opposition if the Copenhagen summit does not produce satisfactory results, whatever they may be.

...While the Government Keeps on Talking Up the Importance of Copenhagen

The top priority of the Swedish presidency, according to the Minister for European Affairs, will be to negotiate a deal at the Climate Conference in Copenhagen in December 2009 – that is, a Copenhagen Protocol to substitute for the present Kyoto Protocol.²⁰ When it comes to energy security the emphasis is likely to be on the transformation of energy systems towards the more sustainable generation of energy rather than on energy security in terms of fossil fuels. The transformation of energy systems is seen as an opportunity to promote growth (so-called »smart growth«), competitiveness and employment. It should also stimulate research and innovation.²¹ Moreover, it is likely that considerable attention will be paid to the demand side of the energy equation, in particular to increased energy efficiency. High oil prices are therefore seen as beneficial in the long term since they will help to speed up the substitution of fossil fuels – an approach, incidentally, which is in sharp contrast with that of Trio colleague France. Even the economic

crisis is seen by the government as potentially beneficial, with the potential to transform the economy in the direction of »ecoefficiency«.²²

Given these circumstances it can be expected that Sweden will try to assume a leadership role in the negotiations leading up to the Copenhagen summit, although it should be considered something of an outlier in the climate change debate. Given the high political profile of the issue, however, Sweden may be so eager to clinch a deal that it will end up simply brokering a »lowest common denominator« agreement. The latter would cause political problems domestically, however.

A recent communication on the climate strategy from the Permanent Representation in Brussels concerning the meeting of the Council of Ministers for the Environment on 2 March, which was to form part of the spring European Council negotiations, is worth quoting in full, not least because of its vagueness: »Sweden considers that the Council Conclusions should be phrased so that they clearly highlight the position of the EU, emphasise the importance of progress, make clear the willingness of the EU to negotiate and stimulate other parties to engage in a constructive dialogue. It is important for the UN negotiations that the EU shows its willingness to finance its part of a future climate agreement. Sweden has, as incoming presidency, a particular responsibility for drafting the position of the EU with the aim of reaching an international climate agreement in Copenhagen 2009.«²³

When asked what it hopes to achieve or what would be minimally acceptable in Copenhagen the government is reluctant to talk about concrete goals or targets and the public debate remains rather abstract.²⁴ Moreover, as the financial crisis continues to unfold there is an increased reluctance on the part of the Member States to commit resources to climate change policies and to take measures that (in the short run) would harm the competitiveness of domestic industries (though the Swedish government takes the opposite view).

As the effects of the global financial and economic crisis become clearer, fears have surfaced concerning how that will affect ambitions related to the new climate protocol. The Member States are

19 Miljöpartiet, »Om regeringens klimatproposition«, http://mp.se/templates/Mct_78.aspx?avdnr=5&number=166097, accessed on 20 March 2009.

20 »Symbol för ordförändskapet klar«, *Svenska Dagbladet*, http://www.svd.se/nyheter/politik/euvalet2009/artikel_2539175.svd, accessed on 3 March 2009. In a parliamentary debate on 18 March 2009, Cecilia Malmström said: »The most important issue for the upcoming Swedish Presidency will be the international negotiations on a new climate protocol that will replace the Kyoto Protocol when it expires«.

21 Cecilia Malmström, speech at tripartite social summit for growth and employment, Brussels, 15 October 2008, <http://www.regeringen.se/sb/d/10173/a/113962>, accessed on 22 October 2008. See also Fredrik Reinfeldt and José Manuel Barosso, »Klimatet kan bli EU:s vinstmaskin«, *Svenska Dagbladet* (14 February 2008).

22 Cecilia Malmström, Swedish Riksdag, *Debate on topical EU issues*, Protocol 2008/09:83, Anf. 8.

23 Swedish EU Representation in Brussels, Weekly newsletter (2 March 2009).

24 See, for example, Swedish Riksdag, *Debate on topical EU issues*, 12 March 2009, 2008/09:83. Interview with civil servant, Stockholm, 10 March 2009. E-mail exchange with senior civil servant, 20 March 2009.

not equally affected by the crisis and that may lead to less homogenous preferences within the EU, making intra-EU bargaining more difficult. The Swedish government has repeatedly argued that the economic crisis should not be used as an excuse for lowering ambitions concerning climate change. This argument was also advanced in the Conclusions of the European Council of March 19/20. At this summit it was agreed to boost spending on projects related to, among other things, energy and agriculture by 5 billion euros. Nevertheless, the enormous costs of fighting climate change will have to be borne primarily by the industrialised countries, and the timing of the Copenhagen Summit could hardly have been worse, even though a new protocol will not enter into force until 2013.

4.2 Employment, Growth and Competitiveness

The financial and economic crisis has profoundly affected the context of the Swedish Presidency and markedly limited the scope for economic and financial policy action.

In line with the Lisbon Strategy, the aims of increased employment, growth and competitiveness are highlighted in the strategic framework, in which a »strong reform agenda« is advocated. This is also in line with the general direction of Swedish policy. Having said that, who would not proclaim allegiance to priorities such as employment and growth? Competitiveness is a more ambiguous concept, however, and moreover there are competing policy alternatives to liberal or economic competitiveness in a globalised world order. In this context the Lisbon Strategy will be central. In the words of the Minister for European Affairs: »It will certainly be an important task for the Swedish presidency in autumn 2009 to bring forward the discussion on the growth strategy for the next decade and pave the way for a renewed and revitalised strategy in the run up to the spring Council in 2010.«²⁵ In the same speech it is stressed that the Lisbon Strategy will remain a key instrument in the European response to globalisation.

In this area the Swedish government can in general be expected to advocate liberalisation, supply-side policies and a lightening of the regulatory burden for SMEs. Tensions within the Trio are pro-

bable between the French on the one side and Sweden and the Czech Republic on the other. The spat between the French President and the Trade Commissioner regarding free trade highlights just how different the respective viewpoints are, with the Swedish government and the main opposition party essentially supporting the free trade agenda.²⁶

The economic crisis has dramatically changed the political and economic environment for the EU and thereby also the setting for the incoming Swedish Presidency. The fact that Sweden is not part of the Eurozone is a constraining factor at the outset. The need for macroeconomic coordination is, naturally, highest among those countries that share the single currency. Many of the common actions taken to deal with the economic crisis have so far stemmed from within the Euro group. Not being part of that group while trying to provide leadership within the EU may prove difficult.

Speaking ahead of the European Council in the Riksdag's European Affairs Council on 19 March, Prime Minister Reinfeldt argued that two dimensions are particularly relevant in the area of economic governance. First, the Swedish government will follow up the work on the regulation of financial markets initiated by the De Larosière Report. The Prime Minister argued for few but efficient market regulations and stricter rules concerning tax havens. Transparency is the key word for the Swedish government. Second, when it comes to actions targeting the economic crisis, the government is in line with other Member States, arguing that fiscal expansion should be limited. There is a concern that fiscal expansion today will lead to excessive budget deficits and debts in the future. Furthermore, the Prime Minister has suggested that big spending on the part of the industrialised states may lead to a lack of credit for emerging and developing states. The US call for European states to launch more programmes for economic recovery has been rejected. Several European governments, including the Swedish, have argued that the European public economies have more automatic stabilisers due to their ambitious welfare programmes than the US economy and that once these are activated consumption will not fall so dramatically. The domestic opposition and the LO, whose chair Wanja Lundby-Wedin is also president of the ETUC (European Trade Union Confederation), have pressed for macroeconomic action in order to fuel the economy.

25 Cecilia Malmström, Speech at SIEPS annual conference, Stockholm, 3 September 2008, <http://www.regeringen.se/sb/d/10173/a/110247>, accessed on 2 Oct 2008.

26 See *Financial Times*, »Sarkozy hits out at Mandelson over No vote« (21 June 2008).

4.3 A More Secure and Open Europe

The deliberate coupling of the terms »open« and »secure« is in all likelihood an attempt to dispel fears of a »Fortress Europe«. The policy areas included are basically those coming under the headings of freedom, security and justice. The main challenge in this context will be agreement on a successor to the Hague Programme – a Stockholm Programme – since the current one expires during the Swedish Presidency. The Commission initiated a public consultation on the programme in September 2008 and will present its communication in May 2009. The programme will be discussed during the informal JHA (Justice and Home Affairs) meeting in Stockholm in July and is expected to be approved at the European Council in December 2009. The content of the programme is likely to be affected by the constitutional framework then in force. The Hague Programme covers a broad range of issues in the field of justice and home affairs. The focus of the Stockholm Programme will be influenced by the extent of implementation of the Hague Programme. On a general level, the Swedish government has argued that initiatives should be guided by the aim of »balanc[ing] repressive measures with measures securing the rule of law and the rights of the individual«. ²⁷ In concrete terms, this leads to, for example, a focus on mutual recognition, such as common minimum rules on procedural rights in criminal proceedings. Furthermore, the Swedish Minister of Justice has argued that »there is a distinct need to work out an EU master plan on information exchange between law enforcement authorities«. ²⁸ Issues of civil law are often sensitive, with many diverging national traditions. When it comes to family law, especially concerning divorce, Sweden has vetoed certain proposals and will continue to argue against the domestic application of laws more restrictive than those in Sweden.

Concerning migration, the Swedish government is a firm supporter of the common asylum system and is a proponent of some sort of burden-sharing arrangement. This is partly on the grounds of principle, but possibly more important is the fact that during the past few years Sweden has seen a sharp increase in the number of asylum seekers, particularly from Iraq, and would like other Member States

to carry some of the responsibility for this flow of refugees. Looking at the Trio's operational programme there seems to be unequivocal language on these issues, including the string of proposals introduced by the Commission in relation to the Blue Card scheme and the fight against illegal migration, for example. This area has also yielded one of the few explicit statements regarding Swedish priorities for its Presidency made so far concerning the system of resettlement within the framework of the UNHCR's quota system – the Swedish government would like to see more substantial commitments from the other Member States. ²⁹ Concerning the French lead pact on migration, the parliamentary opposition does not seem to be as committed as the government and this may be of interest as regards political dynamics during the Presidency. ³⁰ Moreover, it should be noted that the Swedish government has introduced a bill on labour migration from third countries that is quite liberal in the European context and has been portrayed as the biggest reform of immigration policy for decades. ³¹

4.4 The Baltic Sea and Relations with Neighbouring Regions

Geography is still important for EU Member States, as illustrated by both Swedish concerns about the Baltic and the French initiative of a Mediterranean Union, and these challenges are to be addressed within the EU framework. Naturally, every country prefers a stable neighbourhood or being surrounded by »a ring of friends« as a bulwark against an unstable world.

The primary Swedish concern in this area is the development of regional relations in the Baltic, based on a Baltic Sea Strategy to be adopted during the Swedish Presidency. The European Council has requested that the Commission prepare the strategy, ³² with the aim of »coordinating the efforts of various actors in the region (Member States, regions, financing institutions, the EU, pan-Baltic organisations, non-governmental bodies etc.)«. ³³ The

²⁷ Speech by Minister of Justice Beatrice Ask at the College of Europe, Bruges (4 March 2009), »Why Europe needs a forceful Stockholm Programme«, <http://www.regeringen.se/sb/d/10959/a/122436>

²⁸ Ibid.

²⁹ Tobias Billström, »Även andra länder måste ta flyktingansvar«, *Dagens Nyheter* (24 July 2008), p. 6.

³⁰ See press release of the European Affairs Committee, 16 July 2008.

³¹ Tobias Billström and Mikaela Valtersson, »Vi lättar på reglerna för arbetskraftsinvandring«, *Dagens Nyheter* (27 March 2008), p. 6.

³² European Council Conclusions of 14 December 2007, point 59.

³³ European Commission, http://ec.europa.eu/regional_policy/cooperation/baltic/index_en.htm.

strategy will be the first intra-EU strategy related to a specific macro-region. According to a stakeholder invitation signed by, among others, Commissioner Danuta Hübner, »the strategy would be complementary to existing cooperation, and its purpose would be to coordinate already existing policies and instruments, to align funding in a more efficient way, to identify common priorities, and to promote new initiatives«. ³⁴ The content of the strategy will be known once the proposal is on the table, but according to the same invitation it will focus on four objectives: the environment, prosperity, increased power of attraction and making the region safe and secure. DG Regional Policy will lead the drafting of the strategy and a first draft is expected in May 2009. The outcome will quite likely be a list of concrete proposals. The form of cooperation will be intergovernmental, with recurring reporting to the General Affairs Council, while much of the implementation will be the responsibility of task forces composed of civil servants. While certain synergies between programmes can be expected, no additional EU funding is envisaged.

The strategy was also the subject of a speech by the Minister for European Affairs at the European Parliament in December 2007 in which she declared that »the strategy is one of my government's top priorities in the discussions with France and the Czech Republic for our common presidency work programme«. ³⁵ Ahead of the second stakeholder conference, held in Rostock in February 2009, the Swedish Prime Minister and the German Chancellor jointly called for the strategy to be (more) focussed in order to achieve results. They highlighted the environment in particular but also shipping, transport and energy infrastructure. Furthermore, they saw benefits in including research, innovation and culture in the strategy, and prioritised projects related to competitiveness through innovation and clusters and promoting networking for SMEs. ³⁶

In contrast with the original plan for the Mediterranean Union, the Swedes advocated integrating the strategy into the EU framework, partly because eight out of nine states with shores on the Baltic Sea are EU members, making it something like a northern version of Mare Nostrum, and partly be-

cause of the alleged added value of pooling regional and European resources to achieve »maximum effect – for the Baltic region, but ... also for the rest of the Union«. ³⁷

An indication of what the other component of this theme – relations with neighbours – may entail came with the unveiling of the joint Swedish–Polish proposal for strengthening the Eastern dimension through an Eastern partnership. ³⁸ The partnership is to cover Ukraine, Moldova, Azerbaijan, Armenia, Georgia and Belarus, although the degree of cooperation with Belarus remains uncertain, awaiting positive political developments. The draft paper was followed by a Communication from the Commission ³⁹ in December 2008 that sets out the rationale and tools for the partnership, which is to rest on deepening bilateral cooperation and a new multilateral framework. The partnership is to be »based on mutual commitments to the rule of law, good governance, respect for human rights, respect for and protection of minorities, and the principles of the market economy and sustainable development«. ⁴⁰

The bilateral Association Agreements foreseen as an important instrument in the partnership are to focus on the following policy areas:

- *gradual integration in the EU economy* through the establishment of deep free trade areas;
- *mobility and security* dealing, among other things, with visa facilitation, labour mobility, border management and fighting cross-border crime;
- *energy security*, with the participating countries contributing according to their means; and
- *supporting economic and social development*, focusing in particular on the local and regional levels.

Within the multilateral framework such issues as democracy, good governance, economic integration, cultural cooperation and energy security will be addressed.

The initiative is not explicitly mentioned in the Trio's operational programme, but the section dealing with the »Barcelona Process: Union of the Mediterranean« also mentions a strengthened bilateral and multilateral policy towards the Eastern

³⁴ Invitation to stakeholder conference on 30 September 2008, *EU Strategy for the Baltic Sea Region*, see www.balticseastrategy.se.

³⁵ Speech by Cecilia Malmström at a discussion with the Baltic Intergroup, European Parliament, Strasbourg, 12 December 2007.

³⁶ Angela Merkel and Fredrik Reinfeldt, »Ökat Östersjösamarbete i EU«, *Svenska Dagbladet* (4 February 2009).

³⁷ *Ibid.* See also speech by Cecilia Malmström at Almedalen, 7 July 2008.

³⁸ See Polish–Swedish Proposal. Eastern Partnership, 23 May 2008 accessed via www.euractiv.com.

³⁹ Commission of the European Communities, Communication, *Eastern Partnership*, COM (2008) 823 final, Brussels, 3.12.2008.

⁴⁰ *Ibid.*, p. 3

neighbours. The initiative is probably best seen in this light, namely as a counter-proposal to ensure that there is some balance in the attention given to the southern and the eastern neighbours, as well as preparing the ground for the Polish Presidency in 2011. However, as events unfolding in the Caucasus in August 2008 show, the Eastern Partnership may prove to be something more. These initiatives illustrate that more differentiated and geographically concentrated approaches seem to be preferred to a single, all-encompassing EU strategy towards the European neighbourhood. Since the Partnership is due to be launched on 7 May 2009 it falls on the incoming Presidency to keep the process moving forward and avoiding the fate of the Union for the Mediterranean. As Russia seems suspicious of the underlying motivation for the Partnership it will be important both how Russia acts and how Sweden, which since the Georgian conflict has had a rather strained relationship with Russia, responds.⁴¹

4.5 The EU as a Global Actor and Further Enlargement

The Swedish position on the EU as a global actor is mainstream and positive, with a particular emphasis on global development, development aid and increased coherence between different policy fields. International crisis management, human rights and the transatlantic relationship have also been highlighted.⁴² While Sweden's policy of non-alignment was the main obstacle to further European integration for many decades, issues of defence and security policy seem less problematic today. Political actors and public opinion are nowadays much in favour of European cooperation in these areas.⁴³ On some recent accounts, the EU as a global actor will not be one of the Swedish Presidency's main priorities, much to the dismay of the Ministry for Foreign Affairs.

If the Lisbon Treaty enters into force during the autumn, the Swedish Presidency will not only have to devote considerable attention to such high-level appointments as the High Representative, but will

also have to deal with a number of delicate issues when instituting the new European organisation for foreign affairs, including the European External Action Service.

Regarding enlargement, including possible Turkish membership, Sweden has a very active and consistent pro-enlargement position. Negotiations with Croatia may be finalised during autumn 2009 – this would be seen as a welcome bonus for the Swedish Presidency. The Swedish government also advocates closer ties with, among others, the Western Balkans and Ukraine, and is generally positive on enlargement, as long as the acceding states fulfil the membership criteria.⁴⁴ This is a consensual position shared by all seven parties represented in the Swedish parliament, which naturally gives the government extra clout as a proponent of further enlargement. Recent developments do not bode well for the Swedish government, however. The process with Croatia has been slowed down by the border spat with Slovenia, and the German Chancellor recently called for a pause in the enlargement process after Croatia.⁴⁵ A bonus for the Swedish Presidency would be an Icelandic membership application, which would be more than welcomed by the Swedish government.

5 Conclusions

The Swedish Presidency 2009 will take place in an uncertain period of European integration, making predictions about its course even more difficult than usual.

In a study on leadership in the EU, Jonas Tallberg highlights three functions of EU presidencies: (a) the presidency as agenda manager, (b) the presidency as broker and (c) the presidency as representative.⁴⁶ The need for efficient leadership and brokering skills is greater in times of crisis. Some recent EU presidencies have focussed largely on crisis management and have mainly used the intergovernmental institutions – in particular the European Council – to handle difficult issues. In light of the economic crisis we can expect the Swedish Presidency to act in a similar manner. Swedish Prime Minister Reinfeldt's

41 A recent exchange between the Russian and Swedish foreign ministers on the Partnership can hardly be described as friendly. See EU Observer, »EU expanding its sphere of influence, Russia says«, 21 March 2009, <http://euobserver.com/24/27827> accessed on 25 March 2009.

42 Cecilia Malmström, Minister for European Affairs, European Affairs Committee, Anf. 37, 13 June 2008.

43 Sören Holmberg (2008), *Ökat opinionsstöd för EU* (Stockholm: SIEPS-EPA 2008), 5.

44 See Fredrik Langdal (2006), »The Swedish debate on Turkey's prospects for membership«, in *Turkey, Sweden and the European Union. Experiences and Expectations* (Stockholm: SIEPS), p. 19.

45 EU Observer, »EU must consolidate before further enlargement, Merkel says« (19 March 2009).

46 Jonas Tallberg (2006), *Leadership and Negotiation in the European Union* (Cambridge: Cambridge University Press).

rather limited experience in international and European affairs, combined with the fact that Sweden is a relatively small Member State and outside the Eurozone, casts some doubt on whether the Swedish Presidency can act as leader of the EU and avoid being sidestepped by bigger and more influential Member States and their leaders. However, effective internal brokerage will facilitate external representation, thereby potentially expelling fears that a small Member State cannot successfully provide international leadership.

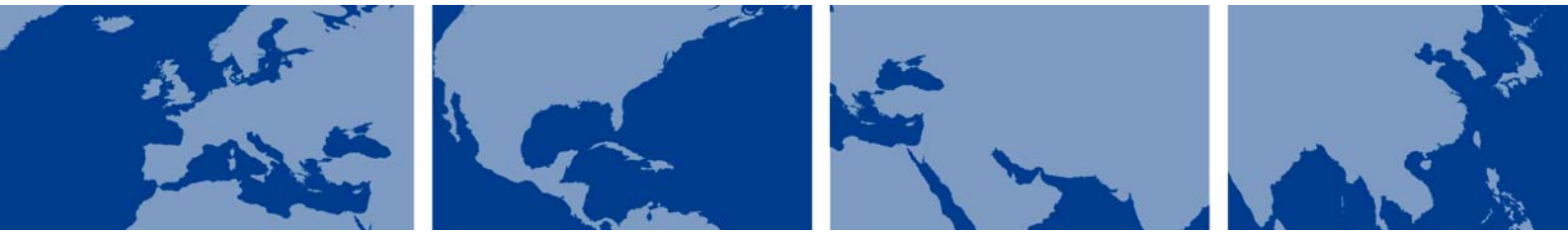
A number of European-level factors will adversely affect the delivery of results. Autumn presidencies are short and a new Parliament and a new Commission will slow down decision-making. Moreover, there will be national elections in, for example, Germany that may impact on the climate change negotiations, besides the global financial crisis. Thus many factors affecting outcomes are external to the Presidency and will not be affected by institutional power or the skills of the government. Apart from managing the economic crisis and the fate of the Lisbon Treaty, it is likely that the Swedish government will try to set its priorities on the basis of a sort of »triptych« formula, possibly centred on climate change, and flanked by the Baltic Sea Strategy and the Stockholm Programme. From a Swedish point of view a positive policy outcome for the Presidency would include – optimistically and tentatively – the following, in rough order of importance:

a) An ambitious common European position on climate change, including an agreement on the successor of the Kyoto Protocol, despite the economic crisis. In order to be able to claim success one would, first, have to maintain a European position which is the equivalent of what has already been agreed in the climate change package. Second, one would have to conclude the negotiations successfully and arrive at a new protocol that is more comprehensive than its predecessor and would guarantee a *de facto* reduction of greenhouse gases in the near future. Third, a deal would have to include some form of transfer mechanism that demonstrated solidarity between developed and developing countries through, for example, a financial infrastructure for the adaptation of energy systems. Finally, bringing the USA into the global framework for combating climate change is of the utmost importance, though it depends more on the Obama administration's domestic situation than

on the bargaining skills of the EU and the Presidency. It would also be vital to bring the emerging economies on board. The complexity of this task is daunting, especially in light of the difficult position most countries find themselves in during the current crisis.

- b) Successful negotiations on the successor to the Hague Programme, aptly labelled the »Stockholm Programme«. From a Swedish perspective the new programme would comprise, among other things, a system for burden sharing and mechanisms for the coordination of national decisions and procedures established in case law by the ECJ on the rights of asylum seekers. The Swedish government would like to see more opportunities for legal (labour) migration and possibly the creation of a procedure for lodging extraterritorial asylum applications. Cooperation on the exchange of information between law enforcement authorities has also been stressed.
- c) A substantial Baltic Sea Strategy and an effective Eastern Partnership. Apart from actual agreement on a substantive Baltic Sea Strategy it will be difficult to judge success in this respect until a few years have passed, as such initiatives depend on a sustained political momentum. Launching this initiative would be far easier than delivering the desired policy outcomes, and as in the case of the Eastern Partnership, other countries, such as Poland, will have to work hard to keep these regional initiatives on the agenda.
- d) A continued European commitment to enlargement, first and foremost with Croatia, but also concrete steps towards Turkish membership and a strategy for the Western Balkans. One concrete success would of course be completion of the accession negotiations with Croatia during autumn 2009. The Swedish Presidency would also like to ensure that Ukraine's membership prospects are kept alive and that the development of new European Neighbourhood Policy Action Plans – also an integral part of the proposed Eastern Partnership – proceeds as planned.

In conclusion, the EU Presidency will provide the Swedish government – which claims that it is much more ambitious and positive about European integration than its predecessor – with an opportunity to show that actions speak louder than words. However, current circumstances are indeed adverse.



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