

EU-25 Watch

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Danish contribution

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1. Constitutional crisis

Nature of the current crisis

The overall Danish reaction to the double no in France and the Netherlands is a feeling of recognition. In many ways the Danish political elite experienced a similar situation after the Danish no vote to the Maastricht Treaty in 1992. The current discussion on how to create a debate on European issues that includes the citizens has been present on and off in Denmark since the Maastricht Referendum. Given their long experience with such issues, politicians are aware of the difficulties and limitations involved with creating a public debate without a referendum date to trigger the attention of citizens and the media. Nevertheless, the involvement of citizens in EU affairs is a high political priority in Denmark, and the Danish parliament has decided to allocate 14 million Danish kroner (approximately 1.8 million euros) to debates and events in the current period of reflection (see more about the reflection period below).

In official speeches and statements, the Prime Minister, Anders Fogh Rasmussen (the Liberal Party), and the Minister of Foreign Affairs, Per Stig Møller (the Conservative Party) have argued that the current situation is a crisis situation¹. However, they also point out that the crisis should be put into a broader historical perspective. The EU has experienced many crises in its lifetime and politicians have always found a way out of the crisis, they argue. Furthermore it is pointed out that in spite of the recent failure to ratify the Constitutional Treaty, the EU has delivered many crucial results, such as peace, freedom, stability and economic growth. And on a more concrete level, the benefits of the Single Market have influenced citizens' lives by creating more jobs, better environmental protection, safer food, cheaper mobile phones, airline tickets, etc. The leader of the biggest opposition party, Helle Thorning-Schmidt from the Social Democrats, is also hesitant to label the situation as a crisis beyond historic precedence. Rejection of the Constitutional Treaty is not a rejection of the EU, she says. On the contrary, a large majority of the Danish population continues to be in favour of EU membership.²

In opposition to this, the leader of the eurosceptic Danish People's Party, Pia Kjöersgaard, states that the EU is in a major crisis and that the double no's should be perceived as the population's rejection of the whole EU project.³

Reasons for failure of ratification

According to the Danish government and the Social Democrats, two of the main reasons behind the failure of ratification are lack of communication with citizens and too little focus on the concrete benefits of EU membership.

¹ See for instance: Fogh Rasmussen, Anders (2005), "EU i arbejdstøjet", Feature article, Politiken, September 27th. Møller, Per Stig, (2005), "Hvad nu, Europa?", Speech to a conference at the Confederation of Danish Industries, September 27th.

² Thorning-Schmidt, Helle (2005), "Hvad med Europa? Oppositionens visioner", Speech to a conference at the Confederation of Danish Industries, September 27th.

³ Pia Kjöersgaards ugebrev (2005), "Tænkepausen", June, 20th.

The Minister of Foreign Affairs argues that many people take the EU and its achievements for granted. The consequence is that the EU loses its *raison d'être* in the broader population. The reason for this development stems from the fact that, among the nation states of Europe, the story about the EU as a common project for peace is forgotten. Peace and security is not enough to justify the existence of the EU today. People are focused on the EU in their everyday lives, and on how they can benefit from it. The Foreign Minister describes this tendency towards a more utilitarian approach to the EU as "tomorrow's Europe of realism in contrast to yesterday's Europe of idealism".⁴

The existence of a sense of insecurity in Europe due to terrorism, illegal immigration and globalisation represents another main argument of the Government and the pro-EU opposition parties. In order to solve these global challenges, citizens must perceive the EU as part of the solution and not as part of the problem, which is argued to be the case at present. Consequently, the parties have argued that a massive communication effort by the EU institutions in Brussels and the national governments should be put into force in order to explain the added value of EU membership in citizens' everyday life. Leader of the main opposition party, Helle Thorning-Schmidt from the Social Democrats, argues that EU citizens want concrete answers to concrete problems, and that politicians should not waste their time on talks about abstract issues like symbols. She identifies globalisation as the biggest challenge facing the citizens of the EU's member states.⁵

State of ratification

The Prime Minister, Anders Fogh Rasmussen, cancelled the Danish referendum during the EU Summit in June 2005. At present there are no signs that any political party will ask for a referendum on the Treaty in Denmark. The overall assessment is that the EU must be able to deliver clear results on the concerns of citizens before any responses on the institutional dimension will be brought up in Denmark.

Public opinion since spring 2005

Prior to May 2005, Danes shared a largely positive attitude towards the ratification of the Constitutional Treaty – at least, opposition was consistently rather low, around 24 per cent, since the announcement of the referendum in February and up until mid May.⁶ However, in the days surrounding the French and Dutch referenda, after which the question about support for the Constitutional Treaty has no longer been posed, opposition took a sharp rise to around 38 per cent, which is outnumbering positive responses (rather consistently around 34 per cent)⁷. While few national polls focusing on general Danish EU attitudes have been conducted over the summer, polls have consistently inquired about Danish attitudes towards Denmark's four opt-outs from EU cooperation. Throughout the last year, polls reveal a majority in favour of doing away with the opt-outs. A Greens poll from mid October in the Danish daily 'Børsen' suggests that a majority of Danes wishes to do away with the opt-outs on defence (52 per cent in favour; 30 per cent against); on the euro (51 per cent in favour; 42 per cent against) and on justice and home affairs (43 per cent in favour; 38 per cent against). The polls found a majority against giving up the Danish opt-out on EU citizenship (43 per cent versus 33 per cent – these data are from the September poll). According to recent Eurobarometer polls, a large majority of Danes continue to be in favour of membership of the EU. Regarding future referenda on the opt-outs, the Prime Minister stated in November 2005 that he wishes Denmark to become a full member of the EU before 2015⁸...

Ways out of the crisis

4 Moeller, Per Stig (2005), Speech to the conference, "A Free Market Vision for Europe", arranged by the think tank CEPOS. See the whole speech online at <http://www.um.dk/da/menu/EU/DanmarkIEU/Taler/UdenrigsministerensTaleTilKonferencenAFreeMarketVisionForEurope.htm> (latest access: 28.11.2005).

5 Thorning-Schmidt, Helle (2005), "Hvad med Europa? Oppositionens visioner", Speech to a conference at the Confederation of Danish Industries, September 27th.

6 See Europabevægelsen, Bremerbank for a collection of polls from different polling institutes.

7 See Europabevægelsen, Bremerbank for a collection of polls from different polling institutes.

⁸ Fogh Rasmussen, Anders (2005), "Søndagstale på Venstres landsmøde 2005". www.venstre.dk

As written above, the Danish parliament has decided to spend 14 million Danish kroner during the EU's period of reflection, in order to hold debates and events on the future of Europe.

It has been decided that the Parliament's European Affairs Committee should coordinate Danish activities in the reflection period. Under the heading 'Citizens' Agenda' the European Affairs Committee and a number of NGO's – both neutral, yes and no movements – have agreed on a thematic, financial, and organisational framework for the debate. It has been decided to structure the reflection period around five broad questions:

- Which of the cross-border problems that Europe is faced with should be given special emphasis, and which role should the EU play in this respect?
- What are the most important problems related to EU cooperation and how can they be solved?
- How should the debate on the future of Europe and a possible new treaty be organised to ensure width, depth, and legitimacy?
- How can we strengthen citizens' participation in the EU?
- Where are the geographical boundaries of the EU?

The idea behind formulating five questions is to secure a structured reflection period and to avoid a debate that points in all directions with no overall focus. It is expected that a big 'kick off' event will take place in the beginning of 2006⁹.

It should be mentioned that the Danish European Movement and the Danish Youth Council in an unexpected move have declined to form part of the initiative. The Danish European Movement argues that it is illusory to expect to find common ground between the very diverse EU movements that exist in Denmark, while the Danish Youth Council in an open letter states that it is misleading to call the initiative a 'Citizens' Agenda' as it lacks participation from some of the big member organisations in Denmark.¹⁰ Furthermore, the European Movement argues that the politicians also should form part of the debate instead of leaving the responsibility to the movements.

Given the decision to prioritize a period of reflection, politicians are hesitant to come up with a priori answers regarding questions on the future of Europe – such as the future of the Constitutional Treaty; whether or not to have a new convention or an IGC; and whether or not to save certain elements of the old treaty.¹¹ The period of reflection is supposed to be a bottom-up process, and in line with the Government and the Social Democrats, the leader of the Social Liberals, Marianne Jelved, has argued that the period of reflection should be used to reflect and hence it is too early to give any indication on the outcome.¹² The eurosceptic Danish People's Party fears that the period of reflection is just another way to convince citizens that they must vote yes to the Constitutional Treaty, and thus not an unbiased time for honest discussion.

The Danish government has stressed, that just as Denmark was widely expected to take a special responsibility after the Danish no to the Maastricht Treaty in 1992, the French and Dutch governments ought to present some ideas on how they believe the EU can move on after the double no's. A decisive decision by the Danish government on the future of the Treaty can only be taken after a French and Dutch response to their referenda – as the Danish government does not want to be seen as the 'killer' of the Constitution. On September 27th – the date when the Danes should have voted on the Treaty – the Prime Minister did state, however, that in his opinion the Constitutional Treaty had been put on the shelf and that it is doubtful whether it will ever be removed from there again.¹³

Both the Government and the pro-EU opposition parties, especially the Social Democrats and the Social Liberals, make an effort to reduce the focus on the Constitutional Treaty and institutional reforms. Instead they wish to concentrate on concrete policy initiatives in the EU. In connection with the cancellation of the Danish referendum during the EU Summit of June 2005, the Prime Minister stated "We must focus more

⁹ For further information see the "Interim report on the national debates during the reflection period on the future of Europe", (2005), Council of the European Union, POLGEN 46. INF 200.

¹⁰ Larsen, Jesper (2005), "Borgfred om EU-debat brudt", Berlingske Tidende, October 27th. And "DUF takker nej til fælles EU-initiativ" (2005). www.duf.dk/web/data.nsf

¹¹ For the Government's position, see e.g.: Moeller, Per Stig (2005), Speech to the conference, "A Free Market Vision for Europe", arranged by the think tank CEPOS.

¹² Svane, Anne Mette og Jette Elbæk Maersa (2005), "SF sår tvivl om national EU-aftale", Jyllands Posten, June 17th.

¹³ Fogh Rasmussen, Anders (2005), "EU i arbejdstøjet", Feature article, Politiken, September 27.

on the concerns of the citizens". Recently, the leader of the Social Democrats, Helle Thorning-Schmidt, even more forcefully suggested that the EU debate should be turned upside down: instead of discussing paragraphs and treaties, focus should be on the problems that can only be solved in cooperation with other EU member states. A job-plan for Europe, democratic reforms, economic reforms and a strengthening of the EU's global role are some of the aspects that the Social Democrat leader wishes to emphasize in the future EU.¹⁴

Implementation of specific provisions of the Constitution

As written above, no definitive decisions are likely to be taken during the period of reflection. Since the cancellation of the Danish referendum, however, the Minister of Foreign Affairs states that the Government cannot accept 'cherry picking' or a situation where certain aspects from the Treaty are implemented by the back door.¹⁵ Positions of the various parties involved must thus be assumed to be largely coherent with their position at the European Convention and the recently completed Intergovernmental Conference.

The constitutional crisis in academic debates

Academic reflections on the constitutional crisis have largely been reserved to shorter commentaries, such as feature articles in newspapers¹⁶. In general, coverage of the events has been highly prioritised by the Danish media, and many experts from academic circles have been interviewed frequently in the process.

2. The future of EU Enlargement

Impact of the constitutional crisis on further enlargement

The issue of opening negotiations with Croatia as well as Bulgarian and Romanian accession has not filled headlines in the Danish debate. It is moreover rarely mentioned in high-level political speeches on the EU's contemporary challenges. However, failure to ratify the Constitutional Treaty in France and the Netherlands has seemingly inspired a new focus in the Danish government's position on Turkish accession. In a much debated feature article in the Danish daily Politiken¹⁷, Prime Minister Anders Fogh Rasmussen (Liberal Party) launched the idea that enlargement depends not only on Turkish compliance with the Copenhagen Criteria, but also on the EU's capacity to take Turkey onboard. He cites widespread insecurity among EU citizens towards Turkish accession as something that all EU leaders must relate to and discuss openly, while encouraging the EU to slow down and consolidate before engaging in potentially incalculable endeavours.

The issue of Turkish membership leads on to debates in Denmark about the limits of the EU, in which a wide variety of actors participate. Director of the Confederation of Danish Industries, Hans Skov Christensen, argues for an association of the issue of limits with the EU's period for reflection. His view is to consider what the EU is able to get out of accession in relation to individual candidates, instead of attempting once and for all to determine a set border for the EU. He thus argues for a pragmatic approach to Turkish membership.¹⁸ In general, representatives from the Danish business and corporate sector insist on the positive economic aspects from Turkish membership (e.g. HTS, (Danish Chamber of Commerce).

Not surprisingly, the Danish government does not seem intent on providing any clear answer that determines the EU's final borders. However, Foreign Minister Per Stig Møller, has argued that he cannot

14 Thorning-Schmidt, Helle (2005), "Traktaten er død – samarbejdet lever", feature article, Berlingske Tidende, June 23th.

15 Stated during questions/answers to a conference at the Confederation of Danish Industries, September 27th.

16 See for instance Dam Kristensen, Henrik og Peter Nedergaard (2005), "Hvad skal EU bestille?", feature article, Berlingske Tidende, October 24. And Friis, Lykke (2005), "Efterlysning. Hvor er det britiske EU-formandskab?", analysis, Politiken, October 26 and Martinsen, Dorte Sindberg og Marlene Wind (2005), "Tænkepause med tænder", Weekendavisen October 28 – November 3.

17 Fogh Rasmussen, Anders (2005), "EU i arbejdstøjet", Feature article, Politiken, September 27th.

18 Skov Christensen, Hans (2005), Welcome note at the conference at the Confederation of Danish Industries: "Europe, What Now?", September 27th.

imagine an EU that borders China,¹⁹ while Prime Minister Anders Fogh Rasmussen does state that “we must concede that there are limits for how big the EU can become (...) if the EU is to maintain its cohesion”.²⁰

The Danish People’s Party is strongly against Turkish membership of the EU and argues for alternatives. The Government and the main opposition parties broadly agree that, in principle, the EU is open to full Turkish accession if Turkey fulfils the criteria. Details about other forms of association between the EU and Turkey or other potential candidates have not been dominant in the debate.

Compared to the populations in most of the fifteen ‘old’ member states of the EU, the Danish public has been among the most fervent supporters of the EU’s Eastern Enlargement. Most likely, the 2004 Enlargement would have figured as a prominent argument for a ‘yes’ to the Constitutional Treaty, were the Danes to have voted on the issue. Previous widespread support for enlargement, however, has not engendered broad positive attitudes towards the issue of further enlargements, hereunder Turkish accession. According to a Catinét poll conducted for Ritzau in September 2005, 52 per cent of the respondents expressed opposition to opening negotiations with Turkey on October 3rd. 33 per cent were in favour. Opposition was mainly found among voters supporting the Danish People’s Party, the Liberals, the Conservatives and the Social Democrats, while voters supporting the Social Liberals, the Socialist People’s Party and the Red-Green Alliance tended to favour the opening of negotiations. Other polls differentiate the picture by showing a majority of 67 per cent in favour of accepting a reformed Turkey as an EU member.²¹ However, at present a majority of Danes consistently appear to disapprove of Turkish membership.

First experiences with the implementation of transition periods

Prime Minister Anders Fogh Rasmussen recently labelled Eastern Enlargement a great success; something exceeding all expectations.²² His evaluation is likely to reflect on the one hand the generally positive public attitudes towards the newcomers in Denmark, and, on the other hand, research reports that the Danish labour market and social system has not been overburdened by large-scale labour migration. After long and heated debates prior to Enlargement, Denmark had chosen to introduce transition periods on the free movement of labour.²³ The then estimates that Denmark would receive around 2000 workers a year from the new members seem to hold.²⁴ Yet, reports about problems of non-compliance with Danish labour market regulations continue to occasionally inspire heated media debates, and a number of cases have been taken to Danish courts.

3. Financial framework 2007/13

Generally Denmark is one of the ‘budget restrictive’ countries in the EU. However, the Danish government was not a part of the ‘club net’ countries during the EU budget negotiations in Luxembourg in June 2005 or in December 2005 in Brussels. The Danish government admits that the increased Danish contribution to the budget was necessary in order to secure the success of the 2004 Enlargement.

Basis for further negotiations

The Danish government supported the aspects of the Commission’s old proposal that focused on increased expenditures to research and development.²⁵ However, the Danish government did not favour a massive increase in member states’ contributions to the EU budget, as suggested in the same proposal by the Commission. “To a small extent I can accept an increase of the structural funds if it is to the benefit

19 Møller, Per Stig (2004), “The role of values in a reunited Europe”, Conference speech, October 25th.

20 Fogh Rasmussen, Anders (2005), “EU i arbejdstøjet”, Feature article, Politiken, September 27th.

21 Politiken (2005), October 2nd.

22 Fogh Rasmussen, Anders (2005), “EU i arbejdstøjet”, Feature article, Politiken, September 27th.

23 Vestergaard, Anne Mette og Catharina Sørensen (2005): “Østudvidelsen og arbejdskraften: myter og realiteter”, DIIS, Series about Europe after the Enlargement.

24 Nordisk Ministerråd (2005), “Arbejds- og tjenestemobilitet etter EU-utvidelsen. Nordiske forskjeller og fellestrekk”, Copenhagen http://www.fao.no/Oestforum/Kunnskapsbase/Publikasjoner/FoU/dolvik_eldring05.pdf (latest access: 28.11.2005);

Arbejdsmarkedsstyrelsen (2005): “Statusnotat om meddelte og aktive opholds- og arbejdstilladelser” Møde i forligskredsen den 24. august 2005, Bilag.

25 Børsen: “Fogh vil ændre EU-budgetudspil på forskning”, June 14, 2005.

of Eastern Europe, but the budget must not exceed 1.03 - 1.04 per cent of the GNP", stated Foreign Minister Per Stig Møller.²⁶

Though the proposal presented by the Luxembourg presidency in June did not prioritise research and education to the same extent as the initial Commission proposal did, the Danish government was willing to accept the Luxembourg budget proposal.²⁷ "We regret the situation [the break down of the negotiations]. We expressed that we were ready to accept the budget if the rest of the countries had joined force", Prime Minister Anders Fogh Rasmussen stated in June.²⁸

Generally, Denmark is positive with regard to redirecting CAP expenditures toward research and development funding.²⁹ However, Denmark also feels a certain ownership of the current CAP agreement that runs until 2013 as it was agreed upon during the Danish presidency in 2002. Denmark is sceptical towards a re-nationalisation of the CAP, proposed by the UK, because it could generate competition on state aid between the EU countries.

As for the agreed budget deal from December 2005, the Danish government has expressed satisfaction with the result. As mentioned above, the Prime Minister accepts Denmark's increased contribution to the EU budget with reference to the 2004 Enlargement, which Denmark has been in favour of for many years³⁰. Furthermore, the Prime Minister values the increased funding to research and development.

Governmental priorities

As mentioned, the Danish government's position is to maintain a rather tight budget. The government aims at phasing out support to poor areas in the 'old' member states and instead redistributing the existing budget resources for the benefit of the ten new member states.³¹ In addition, Denmark focuses on increased expenditures on research and development and, if possible, a reform of the CAP.³² Finally, Denmark is critical towards a continuation of the UK rebate, as the UK today is one of the richest countries in the EU.

Regarding the informal EU summit in October 2005 in London, the Danish Prime Minister criticised recent proposals to mobilise the European Investment Bank to double community research capabilities and to create a globalisation fund.³³ "Our point of departure is that we are sceptical. Of course we will look further into the proposal, but we fear that the proposal is a hidden transfer of money to industries and geographical areas that have not been renewed in due time" stated Mr. Anders Fogh Rasmussen. "Worst case scenario is that the ten new member states that have gone through tremendous reform processes, will end up paying for some of the old member states who have not managed to reform themselves", he continued.³⁴

Domestic debate

The political debate on the financial framework is connected to the 2004 Enlargement and to the reform of the CAP. Danish politicians have made a large effort to prepare public opinion to the enlargement and there seems to exist a general willingness to contribute more to the budget in order to assist the ten new member states.

In overall terms, the opposition supported the government's efforts during the budget negotiations in June and December 2005 to reform the CAP and maintain the current size of the budget. Left-wing parties argued that the CAP was unfair to third-world countries, while right-wing parties argued that the CAP in its present form curbed the liberalisation of world trade.

Disagreement concerns the pace of reforms. In a speech on September 27th, leader of the Social Democrats Helle Thorning-Schmidt criticised the government, arguing that it should have supported Tony

26 Euobserver.dk: "Opgøret om EU's milliarder", June 16, 2005.

27 dr.dk: "Anders Fogh beklager sammenbrud i EU's budgetforhandlinger", June 18, 2005.

28 dr.dk: "Anders Fogh beklager sammenbrud i EU's budgetforhandlinger", June 18, 2005.

29 Kristeligt Dagblad: "Behov for at skære i EU's landbrugsstøtte", p. 3, June 5, 2005.

30 Flensburg, Thomas et al (2005), "EU bliver tre gange så dyrt for danskerne", Politiken: December 12.

31 Udenrigsministeriet. Online: <http://www.um.dk/da/menu/EU/EUsPolitikOgFinansieringsreform/ReformAfEUsStrukturfonde/> (latest access: 28.11.2005).

32 Information: "EU-støtte flytter østpå", March, 30, 2005.

33 Lauritzen, Thomas og Martin Aagaard (2005), "Ingen nye penge til at hjælpe tabte regioner", Politiken, October 28.

34 Lauritzen, Thomas et. al. (2005), "Fogh kritiserer fransk-britisk social satsning", Politiken, October 27.

Blair during the budget negotiations in Luxembourg in order to reform the CAP earlier than 2013. "During the European Council meeting in June the Danish government failed to support Tony Blair's effort to reform the CAP in order to increase expenditures on research and development", stated Helle Thorning-Schmidt.³⁵

After the final budget deal in December 2005, the EU sceptic Danish People's Party argued that Denmark's increased contribution to the budget would raise EU scepticism among the citizens.

4. A revitalisation of the Lisbon Agenda

Directives on services and working times

Both directives are highly sensitive in the Danish EU debate though the service directive has filled more column space in the press. The main reason for this has to be seen in light of the long-standing and popular Danish labour market tradition, where collective agreements between employers' organisations and trade unions stand instead of regulation by law. There may thus exist an underlying hesitation towards EU-regulation in this area. Generally, debates have centred on the principle of country of origin and on the risk of social dumping.

With specific regard to the Services Directive, the Danish government's opinion was initially rather positive. It was seen as an opportunity to benefit, as Denmark is rather strong in the service sector. However, the fierce debate in France over the directive is likely not to have gone unnoticed in Denmark, at least the opinion of the Danish government has lately become more critical towards the service directive. This is also more in line with the general mood of the population. Today, there is a broad political agreement between the government, the main opposition parties and the trade unions that the country-of-origin principle is unacceptable.³⁶ The parties in the Danish parliament have even asked the Government to vote against all propositions where the principle appears.

The Danish trade unions stress that it would be impossible to maintain the Danish non-regulative labour market model if foreign workers are allowed to follow the rules of their home country. However, employers' associations remain largely positive towards the directive.³⁷

Individual members of the ruling Liberal Party have argued that fears over the service directive are ungrounded – MEP Karin Riis Jørgensen, for instance, has pointed to the many exceptions in relation to the various labour market groups covered by the Directive and argued that they suggest that the Directive will not imply fundamental changes to the Danish labour market.³⁸ The Danish Foreign Minister, Per Stig Møller, has labelled the disputes about the Services Directive as the results of a problem of communication rather than a true conflict of interests.³⁹

With specific regard to the Working Time Directive, the Danish government reacted positively to the Commission's initial reform proposal. As the opposition parties and the minority government initially could not agree on a common position – which is required according to the Danish parliamentary EU procedures – the government has not participated actively in the negotiations on a reform of the directive. With support from the Danish People's Party, however, the Danish government was given a narrow

35 Thorning-Schmidt, Helle (2005), "Hvad med Europa? Oppositionens visioner", Speech to a conference at the Confederation of Danish Industries, September 27th.

36 Politiken: "Regeringen: Danske regler på dansk jord", June 1, 2005, 1. sektion p. 10; EUobserver: "Servicedirektivet blev middagens varme kartoffel", March 22, 2005. Online: http://www.euobserver.dk/index.php?page_id=13&data_id=4067 (latest access: 28.11.2005); EUobserver: "Topmøde-diplomati på højt plan", March 23, 2005. Online:

http://www.euobserver.dk/index.php?page_id=13&data_id=4071 (latest access: 28.11.2005); Jyllands-Posten: "Topmøde: Størhedsdrømme brister", March 20, 2005, Erhvervsmagasinet p. 6.

37 Politiken: "Regeringen: Danske regler på dansk jord", 01-06-05, 1. sektion p. 10; HTS: "Protektionisme truer servicedirektivet", September 22, 2005. Online:

<http://www.hts.dk/5+Om+HTS/5.5+Presse/5.5.1+Nyhedsarkiv/2005/Sep/2005.09.22+Protektionisme+truer+servicedirektivet.htm> (latest access: 28.11.2005); DI: "Servicedirektivet en del af løsningen", July 1, 2005. Online:

<http://www.di.dk/Opinion/Debat/EU/Nyt+om+EU/Servicedirektivt+en+del+af+løsningen.htm> (latest access: 28.11.2005); LO: "Nyt EU-forslag vil undergrave danske regler". Online:

[<http://www.ugebreveta4.dk/smcms/Ugebrevet/4766/5684/5718/5731/Index.htm?ID=5731> (latest access: 28.11.2005).

38 HTS: "Protektionisme truer servicedirektivet", September 22, 2005. Online:

<http://www.hts.dk/5+Om+HTS/5.5+Presse/5.5.1+Nyhedsarkiv/2005/Sep/2005.09.22+Protektionisme+truer+servicedirektivet.htm> (latest access: 28.11.2005).

39 Udrigsministeriet, Per Stig Møllers tale ved konferencen "Hvad nu Europa?", September 27, 2005. Online:

<http://www.um.dk/da/menu/OmOs/Udenrigsministeren/Taler/UdenrigsministerensTaleVedKonferencen/HvadNuEuropa.html> (latest access: 28.11.2005).

mandate just before the Council meeting in December 2005, wherefore the government again could participate in the negotiations.

The labour market parties are also divided on this question. Trade unions find the Commission's proposal too compromising on workers' rights, as it could imply rising working hours.⁴⁰ Employers' organisations find that the Commission's proposal does not allow sufficient flexibility⁴¹. Thus, Trade Unions are generally in favour of amendments to the Working Time Directive as proposed by the European Parliament,⁴² whereas employers' organisations generally favour the European Commission's initial proposal.⁴³

National reform activities

According to the Broad Economic Policy Guidelines, Denmark scores relatively well in the field of labour market reform. Denmark has introduced measures to accommodate problems involved with the ageing work force; has made it more attractive to work; has enhanced competition and created a more effective public sector.⁴⁴

Another part of this strategy is investment in Research and Development, which is of particular importance to the Danish government,⁴⁵ something which, for instance, was testified by the Danish non-paper on the mid-term evaluation of the Lisbon-strategy.⁴⁶ Denmark, however, is not in the top league. The ambition is famously that 3 per cent of GNP should be invested in research and development. In 2003, Denmark spent 2.6 per cent.⁴⁷ This inspired big debates in Denmark, where the political opposition, research institutes and the labour market parties called for more money on the research budget. However, the government maintains that the 3 per cent target will be met prior to 2010.⁴⁸ The Danish Trade and Services Association have even suggested that the target level is raised to 4 or 6 per cent.⁴⁹ However, the issue sparks fierce debates in Denmark.

In comparison with the situation in other EU countries, the Danish economy is enjoying positive growth rates and rather low unemployment rates. The unemployment rate in Denmark is expected to be 5.1 pct in 2006, while the BNP growth level is expected to be around 2.4 pct⁵⁰. Focus is now on also incorporating the weakest parts of society into the work force. A cherished aspect of the Danish labour market model has been the so-called Flexicurity system, which is accredited for some of the success of the Danish economy.

Flexicurity is basically characterised by the combination of short notices when firing people with high levels of unemployment benefits. It has lately inspired very positive European reactions, and several politicians from other member states have been visiting Denmark to learn about the system. It has not passed unnoticed in Danish public opinion that the Flexicurity model is sometimes referred to as a possible third way between continental and anglo-saxon models of organising the labour market.

40 Urban: "EU: Arbejdsuge på 48 timer", September 23, 2004.

41 Samlenotat vedrørende rådsmøde beskæftigelse m.v. 2/6-05. til Europaudvalget.

<http://www.euo.dk/dokumenter/eu/raadet/moeder/soc/2663/> (latest access: 28.11.2005).

42 <http://www.eu-oplysningen.dk/upload/application/pdf/3f492991/20050023.pdf>; Jyllands-Posten: "Arbejdsmarkedet: EU-Parlamentet vil stramme arbejdstid", May 12, 2005, p. 3.

43 Urban: "EU: Arbejdsuge på 48 timer", September 23, 2004; Brev fra FTF, LO og AC. Online:

<http://www.ftf.dk/page.dsp?page=6914> (latest access: 28.11.2005).

44 BEPG-report: http://europa.eu.int/comm/economy_finance/publications/european_economy/2005/ee105en.pdf (latest access:

28.11.2005); Euractiv: "Labour Market Reforms". Online: [http://www.euractiv.com/Article?tcmuri=tcm:29-140843-](http://www.euractiv.com/Article?tcmuri=tcm:29-140843-16&type=LinksDossier)

16&type=LinksDossier (latest access: 28.11.2005); Euractiv: "Slow progress towards Lisbon", September 8, 2005. Online:

<http://www.euractiv.com/Article?tcmuri=tcm:29-134730-16&type=News> (latest access: 28.11.2005).

45 Erhvervsbladet: "Vi må gøre EU til et videnssamfund", March 22, 2004; Politiken: "EU's krise også Danmarks", March 4, 2004, 2. sektion p. 7; Undervisningsministeriet: Bertel Haarders tale ved Europa-konferencen 2005, June 27, 2005. Online:

<http://www.uvm.dl/cgi/printpage/pf.cgi> (latest access: 28.11.2005).

46 Udenrigsministeriet: Non-Paper. Online: [http://www.um.dk/NR/rdonlyres/26F2FA3B-D698-49A9-9B53-](http://www.um.dk/NR/rdonlyres/26F2FA3B-D698-49A9-9B53-DABDA27B3D90/0/DENMARKnonpaperfinal040921.doc)

DABDA27B3D90/0/DENMARKnonpaperfinal040921.doc (latest access: 28.11.2005); Udenrigsministeriet: "The European Area of

Knowledge". Online: <http://www.um.dk/NR/rdonlyres/DD32F432-820B-4B69-8E78-B2DB39F84FEE/0/DDKPaperMarch2005.doc>

(latest access: 28.11.2005).

47 EU:

<http://europa.eu.int/rapid/pressReleasesAction.do?reference=STAT/05/26&format=HTML&aged=0&language=en&guiLanguage=en>

(latest access: 28.11.2005).

48 Politiken: „Forskning: Fogh lover forskere penge – igen“, April 28, 2005.

49 Berlingske Tidende: „Der skal mere fart på EU“, August 23, 2004.

50 Finansministeriet (2005), "Økonomisk redegørelse", August.

Denmark is singled out in the publication from the Centre for European Reform, *The Lisbon Scorecard*, as one of 'the heroes' in the EU with regard to bringing people into the work force.⁵¹ Denmark also gets positive mentioning with regard to women's low unemployment and efforts to find employment to elder citizens.⁵² There have been a number of bottleneck problems in the labour market.

While Commissioner for the Internal Market, Charlie McGreevy, has expressed disappointment about Denmark's latest progress in the implementation of 'the Internal Market Strategy', seen in light of previous results,⁵³ Denmark has achieved a transposition deficit of only 1, 5 per cent and takes the lead among the EU-15 in this regard.⁵⁴

Denmark is also in front with regard to financial services, having accomplished full adjustment to the directives within the given time period.⁵⁵

The EU indicator for establishment of new enterprises, which measures the number of new enterprises in relation to the stock of active enterprises, shows that Denmark has a high score on this indicator in Europe, but that the survival rate for new enterprises is not among the highest in the European Union. It is the Government's objective that Denmark should by year 2010 be in the European elite in the field of entrepreneurship, thus aiming for a big number of new business set-ups, a big number of (new) enterprises in growth and a high survival rate.⁵⁶

The Government's strategy focuses on the creation of better framework conditions, for instance through the promotion of an entrepreneurship culture, effective access to capital for new enterprises, promotion of access to relevant counselling and measures to ensure that the educational system contributes to giving entrepreneurs the right competences for setting up their own businesses.⁵⁷

The future of the Stability Pact

In spite of Denmark's opt out from the third phase of the EMU, the reform of the Stability Pact was widely covered in Danish media.⁵⁸ The Danish government and the opposition parties supported the final outcome of the reform, arguing that countries must be allowed room for manoeuvre in periods of slow growth, while they should be encouraged to consolidate the economy in high-growth periods. The Minister of Finance, Thor Pedersen (Liberal Party), argues that it remains to be said whether the reform is a success; that depends on the determination to actually implement the rules. The Danish National Bank is more sceptical, mainly due to 'all other relevant factors', which is the list of factors that should be taken into consideration when deciding whether a member state should be punished for having a too large deficit. The National Bank fears that the list could be used to bend and violate the rules.⁵⁹

5. The EU's role in the world: CFSP/ESDP

Security challenges

As part of the "coalition of the willing" in Iraq, Denmark is concerned with the threat from terrorism and the Danish government is giving special priority to international cooperation on fighting terrorism. However, cooperation with the EU on this matter is limited because of the Danish opt-outs from the common

51 Murray, Alaisdar and Aurore Wanlin: *The Lisbon Scorecard V: Can Europe compete*, March 2005, London: CER.

52 Joint Employment Report 2004/2005. Online: <http://register.consilium.eu.int/pdf/en/05/st07/st07010.en05.pdf> (latest access: 28.11.2005).

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<http://europa.eu.int/rapid/pressReleasesAction.do?reference=SPEECH/05/47&format=HTML&aged=0&language=EN&guiLanguage=fr> (latest access: 28.11.2005).

54 Internal Market Scoreboard, July 2005, no. 14.

55 Internal Market Scoreboard, July 2005, no. 14.

56 NAP2004, The Government: Denmark's National Action Plan for Employment 2004, p. 25.

57 NAP2004, The Government: Denmark's National Action Plan for Employment 2004, p. 25.

58 Vejle Amts Folkeblad: "Vigtig ændring af stabilitetspagten", April 9, 2005; Jyllands-Posten: "Euro-pagt er sat i bakgear", March 22, 2005, Erhverv og Økonomi p. 7; Politiken: "Euro-reform skal frede store lande", 1. sektion p. 1.

59 Jyllands-Posten: Rente: Svækket euro-pagt kan give rentehop", March 22, 2005, Erhverv og Økonomi p. 1.

defence policy and justice and home affairs.⁶⁰ Nevertheless, Denmark is in front when it comes to fulfilling the national commitments made in the Council's "Declaration on Combating Terrorism" from June 2004, and the Danish government wants to keep strengthening the EU's cooperation on terrorism both inside the EU and with third countries. The Danish government is emphasising that the fight against terrorism must not compromise human rights and fundamental rights of freedom.⁶¹ In relation to this, the Danish Minister of Justice, Lene Espersen (Conservative Party), has called the European Arrest Warrant "very far reaching", and has criticised parts of the new British anti-terror laws.⁶² Part of the Danish public is critical towards the EU's new initiatives in the fight against terrorism, because the initiatives are considered too compromising in relation to the civil liberties. However, the Danish public is in general positive towards cooperation on fighting terrorism in the EU. 66 per cent of Danes think that the EU plays a positive role in fighting terrorism, and 89 per cent think that decisions concerning the fight against terrorism should be made in the EU and not by the Danish government in isolation.⁶³

European Security Strategy

Generally the Government prioritises the use of "soft" power in relation to security, for example by promoting stability in third countries through economic and technical support.⁶⁴ The Danish government sees partnerships with the countries in the Mediterranean and Middle East as "the core implementation of this strategy... building on mutual interests and benefits".⁶⁵ One reason for focusing on soft power is that Denmark cannot participate in any EU-led military mission because of the Danish opt-outs. It means that Denmark has to work through the UN, NATO or – as in the case of Iraq – "coalitions of the willing", if it wants to use military force.⁶⁶ According to the Danish Ministry for Foreign Affairs (MFA), the Danish opt-out on defence will have serious future consequences for Denmark: "Because Denmark cannot contribute to EU operations, it is perceived as a less interesting partner among the other countries", states the MFA.⁶⁷

The way ahead for CFSP/ESDP on the basis of the Nice treaty

The Danish government saw the Constitutional Treaty as essential for further development of the CFSP/ESDP. According to the Government it would have improved the coordination of activities, especially by the establishment of the post of Foreign Minister of the Union and the establishment of the European External Action Service. The Danish government has made no new recommendations on how to move on from the Nice Treaty.

Iran problem

Recent setbacks in the negotiations with Iran have made the Danish government pessimistic about finding a solution to Iran's nuclear programme through the EU-3.⁶⁸ Denmark demands full suspension of the enrichment programme. If not, Denmark is ready to discuss the matter in the UN's Security Council and eventually sanction.

60 Denmark will not participate in the preparation and implementation of actions with defence implications, and will only participate in EU judicial cooperation at an intergovernmental level.

61 "Redegørelse fra regeringen om indsatsen mod terrorisme", June 2005. Online: <http://www.um.dk/NR/rdonlyres/43C125E9-F2E7-41BA-B46B-9C4ECFD29887/0/Redeg%C3%B8relseENDELIG.pdf> (latest access: 28.11.2005).

62 Information: "Lene Espersen: Britisk antiterror for vidtgående", September 9, 2005, p. 20/21; Politiken, September 9, 2005, p. 4/5.

63 Eurobarometer 62, 2004. Online: http://europa.eu.int/comm/public_opinion/archives/eb/eb62/eb62_dk_nat.pdf (latest access: 28.11.2005).

64 Jyllands-Posten: "Hvordan bekæmper vi terror?", June 11, 2004, p.11.

65 Speech by foreign minister Per Stig Møller, "The need for a strong global role for the EU", March 23, 2004. Online: <http://www.um.dk/da/menu/EU/DanmarkIEU/Taler/TheNeedforaStrongGlobalRolefortheEU.htm> (latest access: 28.11.2005).

66 Olsen, Gorm Rye & Jess Pilegaard: "Småstater og international indflydelse", DIIS Working Paper no. 2005/9.

67 Notat fra Udenrigsministeriet til Udenrigspolitisk nævn og Forsvarsudvalget (2. samling, bilag 94) den 13. juni 2005. On the consequences of the Danish opt out see also Gorm Rye Olsen and Jess Pilegaard (2005), "The costs of non-Europe? Denmark and the common security and defense policy", European Security, Vol. 14, No.3, 2005

68 Speech by foreign minister Per Stig Møller, "Nuclear proliferation in the 21st century: will multilateral diplomacy work", 25-08-2005. Online:

<http://www.um.dk/en/servicemenu/News/FrontPageNews/NuclearProliferationInThe21stCenturyWillMultilateralDiplomacyWork.htm> (latest access: 28.11.2005).

6. Upcoming issues and events in Denmark

Major political events

One major political event has dominated the national political landscape in Denmark in 2005. In February, the Liberal-Conservative government was convincingly re-elected after an election campaign dominated by debates on welfare reforms and whether or not to go on with the so-called 'tax stop' and the relatively hard line in immigration policy. In response to their relatively poor showing in that election, the Social Democrats elected former member of the European Parliament, Helle Thorning-Schmidt, as their new leader. At present the political scene is stable and nothing foreseeable seems to impact on the Government's or the opposition's main EU policy.

Priority issues on the national policy agenda

First, it is worth mentioning that the Government has decided on a reform of the structure and tasks of the local and regional governments, which is to be implemented from 2007. The overall purpose with the reform is to merge municipalities and regions into bigger units, and to redefine competences between local and regional governments. The overall structure has already been decided upon, and in November 2005 the election to the new regional and local governments took place.

Second, the Government has established a welfare commission to analyse the future challenges of the Danish welfare system. The commission presented its work in December 2005, after which a major political debate between the Government and the opposition parties on future welfare reforms has taken place - and is expected to continue in 2006.

Finally, it should be mentioned that the Government has established a so-called Globalisation Council. The Council is expected to finalise its work in spring 2006 when the Government will present a strategy for Denmark in the global economy based on its results.

7. Priorities and perspectives of the EU 2005-2009

Constitutionalisation / institutional reform

Leaders of the Danish government and opposition parties have expressed serious doubts as to the future of the Constitutional Treaty, and, as mentioned in response to question 1 of this questionnaire, this has entailed general silence with regard to constitutionalisation or institutional reforms of the EU. Ideas of a 'Constitution Light' have generally not been dealt with in any great detail. There is broad political support to use the period of reflection to actively engage more citizens in the process of integration, which seems to preclude set ideas about the nature of the outcome.

Policies to cope with globalisation

Both the Government and the main opposition parties focus heavily on the importance of concrete policy results as the key to inspiring a renewed impetus surrounding the EU debate in Denmark. With regard to the Danish government's own perspectives on the desired direction of the EU, five issues have been proposed as input to start off the public debate: Discussion on the requirements posed by globalisation on the EU; the issue of competencies; the ability to speak with one voice in foreign affairs; the role of national parliaments; and the question of the borders of the EU (issues discussed elsewhere in the questionnaire).

Coping with pressures from globalisation is thus a central concern in EU debates in Denmark. The Danish business and corporate sector fears that the EU's period for reflection may place the European economy in an even lower gear. International competition with China, India and the US is mentioned as something which in particular requires explicit attention. Business representatives have encouraged EU leaders to use the period of reflection to work towards ensuring growth, in order to create jobs and increased welfare. EU legitimacy is seen as contingent on the effective fulfilment of such concrete tasks.⁶⁹

Prime Minister Anders Fogh Rasmussen also identifies the economic challenges posed by globalisation as a crucial EU task to take onboard, and concedes that major reforms are necessary to conform to today's international competition and requirements about social sustainability.⁷⁰ As reflected by the response to Question 4 of this questionnaire, the perspective by the Danish government is that the EU should focus on research, education and the development of high technology, while gradually demolishing subsidies and trade restrictions.⁷¹ A discussion of the requirements posed by globalisation on the EU was moreover identified by the Danish government as one of the five central points for discussion in the period of reflection.

The development of the EU's policy on combating terrorism, as well as its asylum and immigration policy, is a related, central point in Danish debates about dealing with globalisation-related issues.

'Delocalisation'

The issue of delocalisation was of high salience prior to the EU's Eastern Enlargement, where public fears about the influx of large numbers of East European migrants were voiced. Generally, the protection of employees is of high priority in Denmark. Focus is on avoiding a situation where employees of different member states are forced into unfair competition with each other due to variations in the levels of social protection. Denmark enjoys a high level of social protection as well as a long tradition of collective agreements between employers' and workers' associations. The model is cherished as the 'Danish model' or the 'flexicurity model'. A characteristic of the model, the general absence of laws to regulate the labour market, is simultaneously seen as a strength and a potential possibility for abuse in a globalising world.

There exists a concern about the outsourcing of Danish jobs to low-wage countries in the Far East as the result of a more specialised division of labour internationally. In this regard, workers' organisations, such as the Danish Confederation of Trade Unions (LO), the 3-F (the semi-skilled workers' unions, formerly the SiD,) have criticised policies seen as rewarding companies for outsourcing.⁷² However, the debate has also been characterised by arguments that in Denmark the experience with outsourcing of manual jobs creates more high-skilled jobs.

Reinventing the European social model

It is, to begin with, rather unclear in Denmark to what extent a common European social model exists today. Again, the Danish debate on this issue is largely centred on the Danish labour market model and the 'flexicurity' system, which has recently achieved European recognition. The model is widely supported in Denmark – the Confederation of Danish Employers and the Danish Confederation of Trade Unions even produced a common paper on the future of the European welfare model to the European Convention.⁷³ The Danish model is suggested both by the labour market parties and by Danish politicians⁷⁴ as a model worth adopting by the EU.

69 For instance: Skov Christensen, Hans (2005), Welcome note at the conference at the Confederation of Danish Industries: "Europe, What Now?", September 27th.

70 Fogh Rasmussen, Anders (2005), "EU i arbejdstøjet", Feature article, Politiken, September 27th.

71 Ibid.

72 See for instance LO: <http://www.lo.dk/smcms/Nyheder/Pressemeddelelser/5897/Index.htm?ID=5897>; Sid: http://www.eufagligt.dk/index.php?page_id=29&data_id=2&sel_content_id=376 (latest access: 28.11.2005).

73 See http://www.eufagligt.dk/index.php?page_id=34&data_id=42 (latest access: 28.11.2005).

74 For instance former Prime Minister Poul Nyrup Rasmussen (Social Democrats), now Member of the European Parliament: www.nyrup.dk.

It is important to stress that Denmark is generally among those member states reluctant to enhance supranational cooperation on social policy issues. The Danish strategy is that member states should seek inspiration from one another, as opposed to extensive harmonisation.

The EU as an international actor

The ability of the EU to speak with one voice on the international scene was one of the five central questions identified by the Danish government as input to the EU's period of reflection, entailing a discussion of how the EU should act faced with conflicts in other countries, faced with the spread of weapons of mass destruction and faced with breaches on human rights. There is general consensus in Denmark that the EU has both an obligation and an interest in responding to global problems, and that this requires that the EU is able to formulate and follow a common line in the Common Foreign and Security Policy.⁷⁵ Moreover, a strong EU on the world scene has increasingly become a point of consensus for the Danish Socialist People's Party, previously very divided on EU-issues, as it is seen as a way to counter dependence on the United States.

⁷⁵ Fogh Rasmussen, Anders (2005), "EU i arbejdstøjet", Feature article, Politiken, September 27th.