

THE ROLE OF SMALL STATES IN THE EUROPEAN UNION

This paper provides background information for the European and External Relations Committee on the role of small states within the European Union. It then goes on to set out the Scottish Government's vision for an independent Scotland in the European Union and how an independent Scotland might position itself within the European Union.

Context

In the European Union, of 28 member states, 16 have populations of less than 10 million and 9 of these countries have populations below 5 million.¹

The population size of member states is important in determining the weighting of vote each Member State Government has in the Council of Ministers (more details are provided in the annex) and the number of MEPs each member state can elect to the European Parliament. However, in many other institutional areas, all member states are treated equally no matter their size. For instance, each member state is able to nominate a European Commissioner and each member state takes a turn holding the six monthly rotating Presidency of the Council of the European Union.

In "Small states in the European Union: structural disadvantages in EU policy –making and counter-strategies", Diana Panke states that:

"Small states all face size-related disadvantages in shaping European policies according to their interests, because they all have few votes in the Council of Ministers and tend to have fewer financial resources and constrained economic bargaining capacities. Consequently, big states have advantages"²

Panke quotes an unnamed representative from a member state Permanent Representation as stating:

"It is evident that greater member states are more influential. That's just logical because if there is a qualified majority, twenty-nine votes from one big member state mean votes of five or six of a small member state."

However, there is evidence to suggest that small states can achieve influence at EU level but that influence is to some degree dependent on availability of resources, the experience of the member state and the different negotiating strategies employed. Using evidence submitted to the European and External Relations Committee and academic research this paper examines the general factors which help determine a

¹ Bulgaria, Croatia, Denmark, Estonia, Ireland, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, Austria, Slovenia, Slovakia, Finland, Sweden
<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&language=en&pcode=tps00001&tableSelection=1&ootnotes=yes&labeling=labels&plugin=1>

² Panke, D, "Small states in the European Union: structural disadvantage in EU policy-making and counter-strategies", *Journal of European Public Policy* 16:6 799-817

member state's level of influence in the European Union and then looks at how small states can be successful in European Union negotiations.

Factors determining a member state's level of influence in the EU

Whilst size and consequent political influence is clearly a significant advantage in determining the level of influence each member state has in the European Union, there are other factors which determine how influential a member state is. Other factors identified by academics include resources available to member states; both in Brussels and in home ministries; the stage at which member states engage in negotiations; and the experience a member state has in terms of length of membership of the European Union.

Depth of Resources

A key factor in member state engagement at European Union level is the level of resources available. In evidence to the European and External Relations Committee, both the ESRC Scottish Centre on Constitutional Change and David Crawley (the former Head of the Scottish Government's Brussels office) suggested that for a small member state to successfully exert influence within the European Union it would require considerable resources. They suggested that by building capacity, small member states can actively engage in Brussels (usually through their permanent representation offices) with other member state delegations and the European institutions – in particular the European Commission and the Council of the European Union - whilst also allowing increased capacity for European engagement within government ministries in the member state.

This perspective is shared by Diana Panke, who outlined the level of engagement required by member states:

“In EU negotiations, all states, especially smaller member states, face financial constraints. Personnel in the Permanent Representations; attaches, experts and translators in the ministries back home, developing and offering EU training courses; buying in additional external expertise; and flying experts and delegations back and forth from Brussels to the capital for coordination and briefing meetings are all costly. Furthermore, providing staff with incentives to engage actively in their respective jobs and offering career prospects have to be financed. While financial resources are limited (obviously more so for some states than for others), the EU agenda is ever increasing, since each Presidency seeks to accomplish a full agenda.”

Stage at which member states engage with negotiations

The level of resources available to member states will affect the way in which they engage with EU negotiations. For instance, a larger member state with greater resources may be able to engage and seek to influence at all the stages of the EU legislative process. For smaller member states with fewer resources they may seek to engage at specific points in the process. For instance, where an issue is a high priority for a small member state it is likely it will engage with the issue at working group and COREPER stage. It is recognised that much of the legislation agreed by the European Union is negotiated in these working groups and COREPER meetings rather than in the Council of Ministers. As a result Member States need to engage at this stage. This is even more the case for small member states as according to Diana Panke, “active engagement in the early stages of negotiations is less important for bigger states,

whereas smaller states have to rely on the utilization of negotiation strategies early on in the process of negotiations.”³

In evidence to the European and External Relations Committee, the ESRC Scottish Centre on Constitutional Change suggested smaller Member States can give themselves the best opportunity to succeed in the European Union through early engagement with the policy process and effective networking:

“It is important for small states to get into the policy process at the beginning in order to shape choices. Positive relations with the European Commission (in developing policy initiatives) and in the Committee of Permanent Representatives (COREPER) are crucial. Networking in Brussels is also crucial. This includes knowing one’s way around the institutions, having co-nationals working there and a command of languages.”⁴

The ESRC Scottish Centre on Constitutional Change also suggested that networking in Brussels was also crucial to successful engagement. This included an understanding of how to navigate round the EU institutions along with a command of languages and having co-nationals working in the European Union institutions who will have an understanding of his or her home member state.

Experience of member states

There is clear evidence that the experience a member state has (usually in terms of the length of its European Union membership) influences its ability to influence policy negotiations. According to Panke, the longer a state has been in the EU, the more active it becomes in EU negotiations:

“The longer states have been EU members, the more active they are, not least because transaction costs for applying argumentative, bargaining-based or reputational counterbalances strategies decline. In addition, states that already held the Presidency experienced steep diplomatic learning curves during which they built up considerable knowledge and networks, which allow them to utilize more easily counterbalancing strategies in future negotiations.”⁵

Much of the evidence for this conclusion lies in the comparative inactivity of the new member states that joined the European Union in 2004 when compared with the longer standing members. The conclusion applied equally to large states like Poland as much as to smaller states.

³ Panke, D. “Small states in EU negotiations: Political dwarfs or power-brokers?”, *Cooperation and Conflict* 46(2) 123-143

⁴ ESRC Scottish Centre on Constitutional Change written evidence to the European and External Relations Committee

⁵ Panke, D “Small states in the European Union: structural disadvantages in EU policy-making and counter-strategies” *Journal of European Public Policy* 17:6 pages 799-817

How small states can influence decision making

Despite the clear advantages in terms of influence and resources enjoyed by larger member states in the European Union, there is evidence that small member states can exert influence on legislative decision making.

According to the Scottish Government:

“it is clear that population difference per se (i.e. size) is not translated into any systematic advantage, or disadvantage, when it comes to the outcomes of EU-level negotiations. Instead a range of factors other than size are found to be more significant in determining negotiated outcomes.”⁶

In its evidence to the European and External Relations Committee, the ESRC Scottish Centre on Constitutional Change provided examples of a number of different ways in which small states can successfully exert influence in the European Union. These are: coalition building; use of ‘soft power’ and negotiating skills; adopting a constructive pro-European approach; early engagement with the policy process and networking; building capacity; identifying strategic priorities; acting as ‘honest brokers’; maximising the opportunities of the Council Presidency and learning through experience.

The requirement for early engagement, building capacity and learning from experience are covered earlier in the paper as they are good practice for all member states – large and small. The next section of this paper looks at the other aspects of engagement which can be particularly beneficial for smaller member states.

Coalition-building

In his written evidence to the European and External Relations Committee, David Crawley stated that given all Member States in the European Union need to form alliances to suit their interests on specific issues, the success of small states in the European Union in part depends on where and how they position themselves. He suggested that small states which can offer votes and support can also benefit from working with larger and more influential partners with whom they share major geographical, economic and strategic issues.

Diana Panke recognises the power of small states allying with bigger states and also suggests that another approach for smaller member states is to form a geographic alliance with other small states in a region, for instance the Baltic Group or the Benelux countries. Panke suggests that “With these institutionalised forms of intergovernmental co-ordination, the members can increase their collective bargaining leverage and shape EU policies more effectively than through unilateral action”⁷.

Use of ‘soft power’ and negotiating skills and adopting a constructive pro-European approach

The ESRC Scottish Centre on Constitutional Change and David Crawley both suggested that smaller member states can influence EU policy through the use of knowledge based arguments and by closely aligning themselves with European-wide solutions rather than concentrating on national interests. For instance, David Crawley suggested that

⁶ Scotland in the European Union page 40

⁷ Panke, D “Small states in the European Union: structural disadvantages in EU policy-making and counter-strategies” Journal of European Public Policy 17:6 pages 799-817

Luxembourg and Belgium have been successful within the European Union through close alignment with the European Commission and support for European policy objectives.

A further example of the pro-European approach to European engagement is provided by the Finnish Government's approach to the European Union, which was illustrated in an article for the German Council on Foreign Relations; it stated:

"Membership in the EU, like membership in any international organization, involves a trade-off between sovereignty and influence. However, from the Finnish perspective, EU membership seemed like a win-win situation: the Union both protected Finland's sovereignty and allowed the country to exert influence over developments that would otherwise have been out of its control.

Finland's small state identity has determined Finnish policy within the EU as well. Conscious of the limits of its political clout and resources, Finland has been keen to ensure that the Union's institutional system mitigates existing power asymmetries between member states and offers a voice to the less powerful members. Accordingly, Finland has been a staunch supporter of the Community method and above all the European Commission, which has a legal obligation to represent the interests of the EU as a whole.

Despite recognising its own smallness, Finland has actively sought to carry weight within the EU. It is a generally accepted proposition that small member states can turn their perceived lack of power into an advantage by building a reputation as advocates of the common good and then using this status to (more or less furtively) promote their own interests. This logic has clearly influenced Finnish EU policy, which has traditionally been characterized by a strong commitment to and active participation in advancing the integration process."⁸

As the Finnish example shows, a key way in which smaller member states can exert influence within the European Union is to propose European-oriented ideas and solutions rather than pursuing what are perceived to be national interests (as is often the case with larger member states). Smaller member states who pursue this constructive approach and adopt a pro-European approach may be more influential according to the ESRC Scottish Centre on Constitutional Change.

Identifying Strategic Priorities

As illustrated earlier in this paper, it is recognised that small member states have fewer resources than bigger member states and as a result need to target those resources appropriately. This means, for smaller member states to effectively influence European priorities, it is necessary for them to identify a smaller set of strategic priorities with which to engage. As the ESRC Scottish Centre on Constitutional Change evidence to the European and External Relations Committee explains:

"Small states can overcome weaknesses resulting from limited resources by building niche expertise in key policy fields, and gaining a reputation for policy leadership, scientific and technical knowledge."⁹

⁸German Council on Foreign Relations: State Power and EU Integration: the Finnish Perspective, <https://ip-journal.dgap.org/en/blog/eye-europe/state-power-and-eu-integration-finnish-perspective>

⁹ ESRC Scottish Centre on Constitutional Change written evidence to the European and External Relations Committee

The example of Denmark's approach to wind energy and climate change mitigation is given to show how smaller member states can target their limited resources at specific priorities.

Building on this point, Diana Panke suggests that prioritisation of policies allows member states to establish links with interest groups who can assist in providing information on policy implications and background technical and scientific information¹⁰.

Acting as an 'honest broker'

Another way in which smaller member states can increase their influence within the European Union is to act as an 'honest broker'. Diana Panke suggests the advantage of a smaller member state being seen as impartial on a subject is that:

"Arguing is more effective if the reputation of a speaker is that of being fair, impartial or interested in the common good. This allows the audience to make cognitive shortcuts in accepting arguments more easily as convincing..."

...Against the background that small states are often perceived as not particularly powerful and therefore unable to shape EU policies according to their national interests, small states can use their size as an asset for gaining influence masked in neutrality."¹¹

Maximising the opportunities of the Council Presidency

A final way in which a small member state can increase its influence in the European Union is by improving its reputation during its six month turn to host the Council Presidency. The Council Presidency provides an opportunity for small states "enabling reputational gains, greater insight and skills in the EU policy process and stronger network links that can be utilised beyond the presidency period"¹².

The Lithuanian ambassador to the United Kingdom suggested that Lithuania's holding of the Council Presidency for the first time during the second half of 2013 had given the country an opportunity to build its reputation within the European Union. Giving evidence to the European and External Relations Committee, Asta Skaisgiryte Liauskiene said:

"I have said that we come to the presidency as an honest broker. That means that, for this half-year, we put our national interest aside and prioritise the European Union's interests. That is the approach. Of course we have our areas of concern, which I have mentioned, but those are not only our national concerns; they are European concerns. They include energy policy and the eastern partnership. Those two things very much coincide with our national interest. However, our national interest is a bit to one side, at least for six months."¹³

¹⁰ Panke, D "Small states in the European Union: structural disadvantages in EU policy-making and counter-strategies" *Journal of European Public Policy* 17:6 pages 799-817

¹¹ Panke, D "Small states in the European Union: structural disadvantages in EU policy-making and counter-strategies" *Journal of European Public Policy* 17:6 pages 799-817

¹² Economic and Social Research Council written evidence to the European and External Relations Committee

¹³ Scottish Parliament European and External Relations Committee Official Report 3 October 2013 col 1414

Conclusion

Whilst larger member states in the European Union have a clear advantage in influencing EU policy negotiations through their political power and the resources available to them it is clear that smaller member states can make an impact and influence negotiations by adopting one of a number of negotiating techniques.

Giving evidence to the European and External Relations Committee, Dr Paolo Dardanelli from the University of Kent supported the view that small member states can make an impact in the European Union:

“On whether small countries can prosper in the EU, I would definitely say yes. I do not think that there is any reason to worry about that. There are many examples, such as Denmark, Finland and Ireland, so there is absolutely no reason why a small country cannot do well in the EU. If anything, small countries punch above their weight in the EU because they are overrepresented in the institutions and they are treated almost as equals to the large member states which was not the case in traditional international relations. Although Germany, France and some other countries have greater weight, the small countries certainly do well.”¹⁴

Smaller member states are unlikely to have the same resources available as larger member states which means their ability to influence across the range of EU policies is more limited. However, by forming alliances – either with larger member states or with smaller states in their region who have similar interests – a member state can achieve more than if it was acting alone. Working closely with the European Commission or pursuing Community wide policies can also help increase a smaller member state’s influence.

Despite having limited resources, by targeting specific policy areas and building up expertise a member state can have an impact in a small number of policy areas which it has prioritised. Linked to this, in areas where a member state has an interest, by acting as an ‘honest broker’ and appearing impartial on an issue a member state can increase its influence. Finally, the rotation of the Council Presidency means all member states – no matter what size – will hold the Council Presidency. When it is the turn of a smaller member state it provides an opportunity for that state to develop its reputation and build up skills and expertise which will benefit it, not just during the presidency but in its long term relationship with the European Union.

¹⁴ Scottish Parliament European and External Relations Committee Official Report 16 January 2014 col 1647

SCOTLAND AS AN INDEPENDENT EUROPEAN UNION MEMBER STATE

Scotland would be one of 21 states within the EU defined as “Small States” – defined as having fewer than the average number of votes in the Council of Ministers under the Nice Treaty voting system¹⁵.

An independent Scotland’s European policy priorities

According to “Scotland in the European Union” published by the Scottish Government “Independence within the EU will allow the Scottish Government to significantly enhance the actions it currently takes to secure real benefits to Scotland from EU membership.”¹⁶

The Scottish Government currently focuses its EU engagement on four key areas. These are:

- Energy and climate change
- Marine environment including fisheries
- Research and creativity
- Freedom, security and justice

According to “Scotland in the European Union”, The Scottish Government would

“play a much more prominent role in shaping current and future EU policies affecting these, and other, sectors, especially where economic coordination can promote growth and tackle key challenges such as youth unemployment.”¹⁷

In “Scotland in the European Union” the Scottish Government also states it will support further liberalisation of the internal market, further action to promote new technologies and R&D and support the business environment – especially for SMEs and work with partner countries to tackle societal challenges such as improving energy security, combatting climate change and healthy and active ageing. Finally the Scottish Government would continue to focus on Justice and Home Affairs and seek to cooperate with other member states and EU institutions to tackle cross-border issues such as organised crime and terrorism.

The Scottish Government also sets out its priorities for reform of the EU in “Scotland in the European Union”. According to the Scottish Government the reforms would tackle three main issues:

- “A deep seated sense of a growing distance between EU institutions and EU citizens – we need to act to bring decision making closer to the people and the institutions that represent them;
- “The development of longer-term EU level policies better able to deliver a sustained economic recovery across all Member States – a greater focus on boosting growth and employment; and
- “Promoting an active role for Member States to work together in partnership to deliver key EU objectives.”¹⁸

¹⁵ European Movement in Scotland written evidence to the European and External Relations Committee

¹⁶ Scotland in the European Union

¹⁷ Scotland in the European Union

¹⁸ Scotland in the European Union

The Scottish Government states that the broad economic policy priorities of the Scottish Government – as set out in the Scottish Government’s Economic Strategy - and of the European Union’s Europe 2020 strategy, are closely aligned.

The Scottish Government’s vision for EU membership also includes Scotland retaining the opt-outs it currently enjoys as part of the UK’s membership of the European Union – the Eurozone, the Schengen Area and the Justice and Home Affairs opt-out provided by Protocol 21 to the Treaty on the Functioning of the European Union. The Scottish Government has also expressed a desire to negotiate a division of the UK’s contribution to the EU budget up to 2020.

Giving evidence to the European and External Relations Committee, Professor Michael Keating from the ESRC Scottish Centre on Constitutional Change said:

“The white paper is a little bit disappointing in that it suggests that Scotland would simply take all the existing UK opt-outs; in other words, we would have exactly the same semi-detached relationship to Europe as the United Kingdom has.

In the future, if the United Kingdom wants to have more opt-outs and to move further away from Europe, the question arises whether Scotland would want to follow it or make its own way in Europe. I am looking for a vision of Scotland in Europe and what kind of Europe Scotland would want and what its priorities in Europe might be. I do not see that in the white paper.”¹⁹

Scotland’s potential allies

As this paper has stated, for smaller member states to engage successfully on European issues it is often necessary to form alliances – both with other small member states and also with large states where interests coalesce.

Neither “Scotland’s Future” nor “Scotland in the European Union” explicitly addresses the question of who Scotland might look to ally itself with in the European Union. The Scottish Government states:

“Where Scotland’s post-independence EU interests do converge with the rUK Government position, an independent Scottish Government will have the option of aligning itself (and casting its vote accordingly if necessary) with the rUK Government and all other governments who share the same position.”²⁰

Giving evidence to the European and External Relations Committee, Dr Paolo Dardanelli from the University of Kent said that alliances and coalitions are very important both for small and large states in the European Union²¹. In his written evidence, Dr Dardanelli suggested that an independent Scotland might decide to look to Scandinavia for allies but that in part might depend on both Denmark and Sweden’s continuing attitude to the European Union.

¹⁹ Scottish Parliament European and External Relations Committee Official Report 5 December 2013 col 1555

²⁰ Scotland in the European Union

²¹ Scottish Parliament European and External Relations Committee Official Report 16 January 2014 col 1659

Resource implications of an independent Scotland's membership of the European Union

As discussed earlier, for smaller member states to successfully engage in the European Union there are resource implications.

Whilst the Scottish Government already has a European Union Office (SGEUO) based in Brussels "which supports Government work on EU policy by helping officials strengthen their relationships with the EU Institutions and the UK Permanent Representation to the EU (UKRep) and other member state and sub-member state representations" an independent Scotland would probably need an increased operation in Brussels to ensure successful engagement with the European Union institutions and other member states.

The SGEUO currently consists of a Head of Office, a legal advisor, and seven policy advisors who between them cover the range of devolved policies which have a European competence²².

An independent Scotland in the European Union would be required to send the Head and Deputy Head of the Permanent Representation to all meetings of the Permanent Representatives Committee (Coreper), which is responsible for preparing the work of the Council of the Ministers.

Coreper works in two configurations:

- Coreper I, consisting of the deputy permanent representatives, deals with technical matters;
- Coreper II, consisting of the ambassadors, deals with political, commercial, economic or institutional matters

Scottish Government officials would also be required to attend Council Working Group meetings at which legislation is often developed across all policy areas with European competence.

In the 2014-15 draft budget the Scottish Government proposed an increase for the European Strategy budget line from £120,000 to £500,000. According to the Scottish Government's budget document the:

"key international priority for 2013 and 2014 is to increase the level of engagement with the European Union and its member countries, particularly through developing enhanced links with priority countries, especially France, Germany, Ireland and the Nordic and Baltic countries."²³

The Scottish Government will also use the increased European Strategy budget to deliver an enhanced secondment policy into the EU institutions.

In written evidence to the European and External Relations Committee, David Crawley suggested the resource requirements for an independent Scotland to successfully engage with the European Union would increase:

"The resource implications of an active and effective role in the EU are considerable. Scotland has always made a significant contribution to EU debate both through

²² <http://www.scotland.gov.uk/Topics/International/Europe/About/Scotland-in-EU/SGEUO>

²³ Scottish Government Scottish Budget Draft Budget 2014-15

involvement in UK led negotiations and through direct involvement in commission working groups, with the European Parliament and other institutions.

But we have been able to be selective and play to our strengths. An independent Scotland will need to devote – and pay for – much more capacity in breadth and depth in order to deal effectively with the EU. Comprehensive diplomatic representation in Brussels and across Europe and consistent ministerial and official engagement with emerging policies and proposals will be required. The Scottish Government will need to employ a much wider range of expertise than it has at present to cover all the domestic and international policy issues dealt with at European level. Consideration will have to be given to where that expertise may be found.”²⁴

John Edward, the former head of the European Parliament Office in Scotland also addressed the issue of resources in his written evidence. He suggested it would be important for an independent Scotland to secure:

“the services of the brightest and best from within the government administration, and beyond, to form the core of their governmental, parliamentary and non-governmental representation in Brussels (and Strasbourg) and provide the best possible advice to Ministers and other bodies in their negotiations. It should go without saying that this requires not only an experience of, and affinity for, the EU institutions, but a (sadly uncharacteristic) enthusiasm for modern languages.

Scotland House in Brussels, both pre- and post-devolution, was recognised as a focus for innovative thinking and partnership precisely because it did not solely represent governmental lines of negotiation. Any member state that seriously intends to position itself as an active, interested and informed partner in the European Union – as Finland did before and after accession in 1995 – needs to support a representation on the ground, and network at home, that is both big enough to scrutinise in detail and brave enough to seek ideas and support in new places.”²⁵

Iain McIver
SPICe Research

²⁴ David Crawley’s written evidence to the European and External Relations Committee

²⁵ John Edward’s written evidence to the European and External Relations Committee

Annex A

Decision Making in the European Council and the Council of Ministers

The way decisions are made in both the European Council and the Council of Ministers means that all member states, no matter what their size, need to work closely with allies to achieve their own specific objectives.

In the European Council decisions are made by consensus. This means each member state effectively has a veto on European Council decisions such as changes to the Treaties and agreement of the Multi-annual Financial Framework. The need for consensus means each member state has to compromise and prioritise its key interests. In recent years the European Council has taken a key role in agreeing the strategic direction of the EU, for instance in agreeing the broad objectives of the Europe 2020 agenda.

Decision making in the Council of Ministers (where legislation is agreed) is achieved by unanimity or qualified majority voting depending on the process agreed in the Treaties. For qualified majority voting, the number of votes each member state has is determined by population size and as a result qualified majority voting is based on the principle of the weighting of votes. Under the current weighting system, the member states with the largest populations have 27-29 votes, the medium-sized countries have 7-14 votes and the small countries 3 or 4 votes. With the recent accession of Croatia, a decision requires at least 260 out of 352 votes for it to be adopted²⁶.

With the entry into force of the Treaty of Lisbon a new system known as “double majority” was introduced. It will enter into force on 1 November 2014 (though until 31 March 2017, member states can demand the application of the previous weighting rules). In accordance with the Treaty, the new qualified majority corresponds to at least 55% of the members of the Council, comprising at least 15 of them and representing at least 65% of the European population. A blocking minority may be formed comprising at least four members of the Council²⁷.

According to the Scottish Government the move to a double majority system of Council voting;

“poses no challenge to the advantages to Scotland of independent EU membership. Indeed, it is more likely to strengthen the role that smaller states play in the wider EU negotiating process.”²⁸

Although small states clearly have advantages in terms of voting weight once a proposal reaches the Council of Ministers, in reality many pieces of EU legislation are framed at COREPER level or in working groups and as such carefully targeted engagement in these forums can be productive for smaller member states.

²⁶ <http://www.european-council.europa.eu/home-page/highlights/eu-welcomes-28th-member-state-croatia?lang=en>

²⁷ http://europa.eu/legislation_summaries/glossary/qualified_majority_en.htm

²⁸ Scotland in the European Union