



Country Issue: Lithuania



## The Relaunch of Europe

Mapping Member States' Reform Interests

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Institut für Europäische Politik (Institute for European Politics, IEP) is one of the leading foreign and European policy research centres in the Federal Republic of Germany dedicated to the study of European integration.

Further information on the project can be found here:

[www.relaunch-europe.eu](http://www.relaunch-europe.eu)

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Deadline for data collection: September 2017

Editorial deadline: June 2018

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# THE RELAUNCH OF EUROPE

## MAPPING MEMBER STATES' REFORM INTERESTS

*The Relaunch of Europe. Mapping Member States' Reform Interests (RelaunchEU)* is a project conducted by the Institut für Europäische Politik (IEP) on behalf of the Friedrich-Ebert-Stiftung (FES) that surveys the implementation prospects for twelve concrete reform proposals. It covers the policy areas of Social Union, Economic and Monetary Union and Defence Union as well as asylum and migration policy and the EU's institutional set-up. Furthermore, it analyses the support for flexible integration and the positioning towards the five scenarios presented in the European Commission's »White Paper on the Future of Europe« of spring 2017. It covers the positions of national governments and of relevant progressive political parties, which received a minimum share of 5 % of the votes in the previous European or national elections.<sup>1</sup>

The study follows two main objectives: (1) It demonstrates the scope of action for prompt reforms of the EU in the selected policy areas while also taking into account which member states would, under certain conditions, be willing to implement the specific proposals. (2) It empirically determines which member states could belong to an avant-garde group willing to deepen integration.

Researchers from think tanks and research institutions in the member states of the EU-27 compiled information to determine the position of governments and progressive political parties towards the twelve reform proposals. This qualitative analysis reflects the country experts' views and is based on documents such as coalition agreements, government or party programmes, position papers, press releases, interviews, op-ed pieces, and official documents. It presents a snapshot of the discussions within the governments and parties. In order to keep the country issues short, internal debates and deviating opinions cannot be covered in detail. Positions are subject to change, especially following elections and the formation of new governments. The snapshot was taken at the end of September 2017. More recent developments could not be included. Notable exceptions are the country issues of Austria and Germany, which were updated following the latest coalition negotiations.

The study's results are published in English on the website [www.relaunch-europe.eu](http://www.relaunch-europe.eu). It presents maps for every actor and reform proposal, 27 country issues and an analytical paper. The paper compares the positions of all actors in all member states of the EU-27 on the twelve concrete reform proposals and presents five flagship-projects, which bear the chance for a relaunch of Europe.

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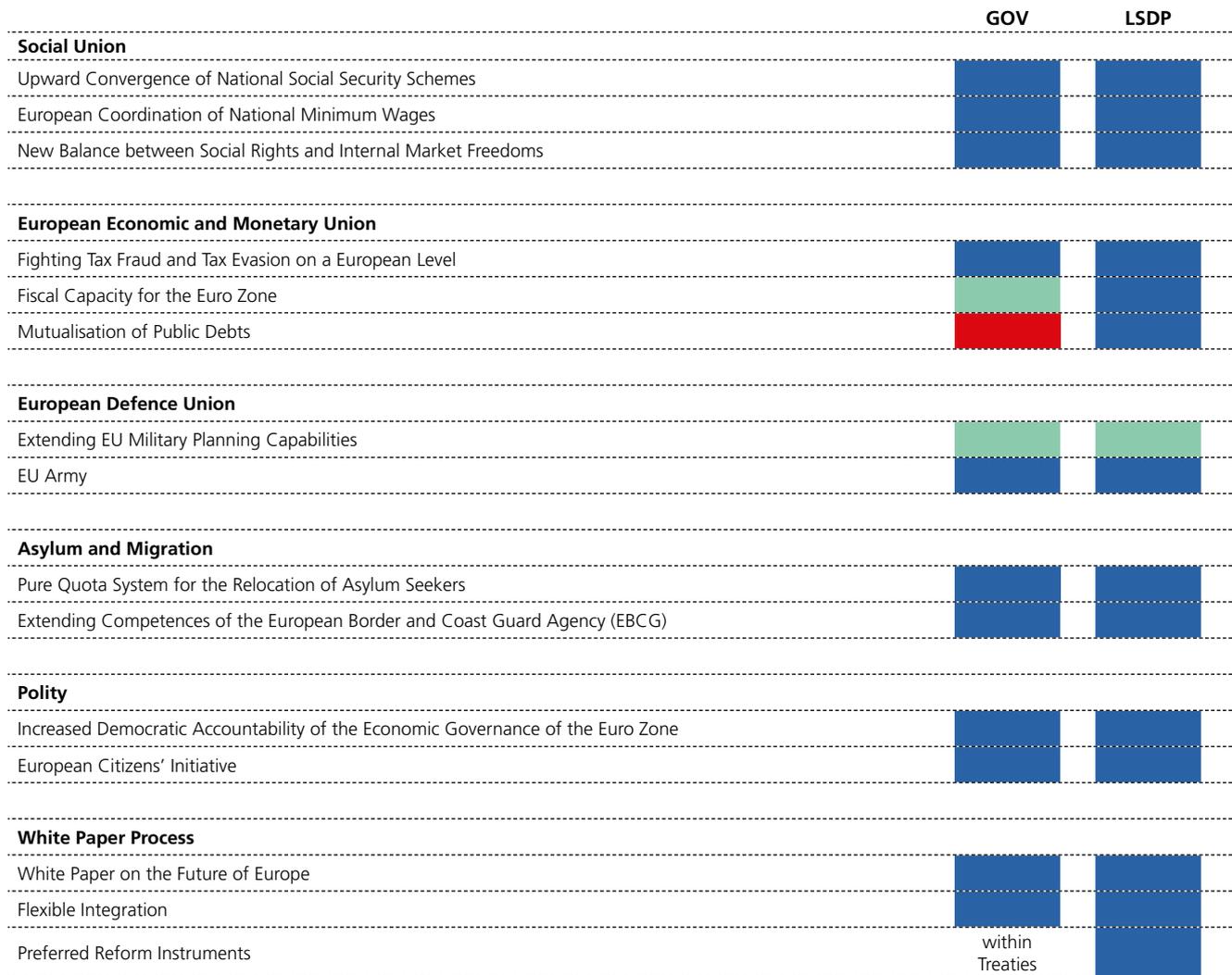
<sup>1</sup> If a party fulfills this criterion, but is not a relevant actor in the national public debate anymore, it was deleted from the sample based on the judgement of the projects' country expert.

# LITHUANIA

In the October 2016 elections, the centrist Farmers and Greens Union (LVZS) became the largest party in parliament. It formed a coalition government with the Social Democrats (LSDP). In 2017, the LSDP has left the coalition causing a split of the party

in parliament. LVZS and some former LSDP MPs currently form a minority government. In general, debates on issues concerning EU reforms are rather rare and political actors avoid any positioning before the actual start of negotiations at EU level.

## Support of the Lithuanian Government and the LSDP for Deepening EU Integration



**Legend**

- support for
  - support under conditions
  - against
  - neutral
- GOV** National Government
  - LSDP** Social Democrats
- 1 – Scenario 1: »Carrying on«
  - 2 – Scenario 2: »Nothing but the single market«
  - 3 – Scenario 3: »Those who want more do more«
  - 4 – Scenario 4: »Doing less more efficiently«
  - 5 – Scenario 5: »Doing much more together«

## SOCIAL UNION

In general, both the Lithuanian government and the LSDP have no clear position on **upward convergence of national social security schemes**. So far, neither the Lithuanian government nor the LSDP have adopted an official stance, but since the government programme aims at strengthening the member states' role in the EU institutions, it can be assumed that the government would oppose harmonisation of social security schemes as this would imply a transfer of competences to EU institutions. The government also rejects any harmonisation that could harm the competitiveness of Lithuanian businesses. Nonetheless, it aims at improving the effectiveness of social security in Lithuania by increasing budgetary expenditure allocated to social security to the EU-wide average. With regard to the **European coordination of national minimum wages**, the government also refuses any measures that could have negative implications for the competitiveness of Lithuanian companies or include additional financial obligations for the national budget. In general, both the Lithuanian government and the LSDP have no clear position on the issue. With regard to a **new balance between social rights and internal market freedoms**, there is an evolving awareness that a new balance is needed. Again, it is stressed that new social regulations must not restrict the competitiveness of Lithuanian businesses. Consequently, the Lithuanian Prime Minister (independent) and his Polish counterpart stated with regard to the revision of the posted workers' directive that they oppose stricter social regulations after a joint meeting in September 2017. This opposition was later repeated in the Council of the EU, where the Minister of Social Care and Labour argued that amendments to the directive proposed by the European Commission would reduce competitiveness of Lithuanian transport companies.

## EUROPEAN ECONOMIC AND MONETARY UNION

On **fighting tax fraud and tax evasion on a European level**, the Lithuanian government and the LSDP do not express specific positions or opposition to general provisions so far. However, the government would probably oppose EU action against tax fraud if its measures included corporate tax harmonisation. Previous Lithuanian governments, including the ones with participation of LSDP, had also opposed any harmonisation of corporate tax rates. Lithuania has not shown any interest in participating in the smaller group of euro zone members that considered proceeding with the introduction of a financial transactions tax, either. In general, the Lithuanian government supports a fiscal capacity under conditions, whereas the LSDP has no clear position on the issue. Before considering any measures aiming at the creation of a **fiscal capacity for the euro zone**, the government along with the Lithuanian central bank stressed the need to first implement already agreed norms (i. e.

the Banking Union and the common market for capital), to focus on reducing unemployment and to achieve economic and social convergence. Generally, the government prefers to use already existing fiscal instruments such as the European Stability Mechanism and the EU budget over initiating new steps towards fiscal integration. At a European Council meeting, the Lithuanian President said that »new positions or institutional changes will not solve the problems, if the member states fail to observe financial discipline and implement structural reforms«. The LSDP has neither expressed a stance on this topic nor on the **mutualisation of public debt**. The government is opposed to it, as it is concerned about possible risks of moral hazard related to the mutualisation of debts.

## EUROPEAN DEFENCE UNION

In general, both the Lithuanian government and the LSDP support **extending EU military planning capabilities** under conditions. The Lithuanian government and the LSDP consider NATO as the key security provider and, as the joint government programme stipulates, think that NATO should be the only actor in charge of the collective defence. Accordingly, the government supports extending European military planning capabilities only under the condition that NATO structures are not duplicated but complemented. For this reason, the government currently focusses on assuring that initiatives such as the use of Permanent Structured Cooperation or the European Defence Fund, as proposed by the European Commission in June 2017, fulfil this condition and, furthermore, do not diminish the influence of the United States of America on European security. Instead, EU action should increase contributions of EU member states aiming at counteracting terrorist, hybrid and cyber threats. In addition, the government claims that the European Defence Fund should take into consideration the requirements of small EU member states and their companies operating in the defence sector. The idea of establishing an **EU army** is not a topic on the agenda of the Lithuanian government and the LSDP. Neither the government nor LSDP have a specific position. However, considerations not to duplicate NATO structures are also valid for a potential EU army.

## ASYLUM AND MIGRATION

Lithuania was not strongly affected by the so-called migration crisis in 2015/2016. In fact, the number of asylum seekers arriving in the country decreased in 2015 compared to the previous year. The Lithuanian government supported the decision on the redistribution of refugees taken in the Council in 2015 and decided to accept 70 cases of resettlement as well as the relocation of 1,035 refugees in need of international protection by the end of 2017. However, as of mid-December 2017 only a total of 447 persons have been resettled or relocated. Moreover, a majority of them left Lithuania for Germany, Sweden or

other countries. Yet, as the economic situation is rather bleak, the prospect of receiving refugees under the relocation and resettlement programmes of the EU has raised economically and culturally motivated concerns among the Lithuania's citizens. Therefore, it is highly unlikely that the Lithuanian government will go any further and agree to the permanent establishment of a **pure quota system for the relocation of asylum seekers** backed by financial incentives and sanctions. Rather, the accommodating stance at the height of the so-called migration crisis in Europe was intended as an act of solidarity. Thus, the main policy-makers tend to avoid the topic – usually pointing to the vaguely defined idea of solidarity within the EU. The Lithuanian President has reiterated that »it is necessary to find long-term solutions for [the] migration flow not to re-occur.« In the December 2017 European Council meeting, she said that the EU refugee quota system is »not entirely efficient, especially in our region«. There is no concrete evidence available on the positions of the Lithuanian government and the LSDP regarding reform proposals on further integration of the control of the Schengen area's external borders. It is possible that the government would support **extending competences of the European Border and Coast Guard Agency (EBCG)**, if this were considered to be an effective measure to reduce the inflow of refugees into the EU. Furthermore, as Lithuania shares borders with Belarus and Russia, joint border control and sharing its further funding might also be welcomed.

## POLITY

**Increased democratic accountability of the euro zone governance** is not an essential issue for Lithuania. The attitude towards any new institutions, financial instruments and further integration in the euro zone is rather cautious. While there is some support expressed for making the European Economic and Monetary Union (EMU) attractive to non-euro zone members in order to join it, the focus so far is more on the implementation of measures already agreed upon. The Lithuanian Minister of Finance declared his country ready to discuss various options, but stressed that this was an issue for the future. Thus, positions could be formed later on. Furthermore, the Lithuanian President has publicly maintained that there is no point in discussing possible EU reforms at this stage. For example, at the December 2017 European Council meeting, referring to the debate on the euro zone governance reform, she stated that »the proposals are only in the form of ideas, which require more thorough analysis and a more specific content«. She also stressed that »it is very important to make full use of existing instruments« and that there is no need for treaty change. The latter point has been often repeated since the debate on the future of the EU and institutional reform had started. This approach is characteristic for the current state of debate in Lithuania on the future of the EU. The Lithuanian government's and the LDSP's positions on the reform of the **European Citizens' Initiative (ECI)** remain undefined.

## WHITE PAPER PROCESS

In general, both the Lithuanian government and the LSDP are undecided on the White Paper scenarios. The President of Lithuania has criticised the **»White Paper on the Future of Europe«** for lacking specific detail and stated that the government cannot engage in discussions on the future of the EU on the basis of these proposals. Therefore, the governing coalition remains indecisive regarding which proposed scenarios they might support. Moreover, the government is undecided regarding the concept of **flexible integration** whereas LSDP has no available position. The government has often called for unity and solidarity among all EU member states. Furthermore, it has rather close ties to member states that are neither part of the euro zone (Denmark, Poland and Sweden) nor considered candidates for a core Europe. Thus, it can be assumed that the government belongs to the group of governments, which are least cautious about furthering differentiation within the EU. Finally, the Lithuanian government has made it very clear that it opposes any changes to the EU Treaties and has stressed that the treaties already contain all instruments for close and efficient cooperation and should be used accordingly.

## Legend

### Actors Covered by the Study in each EU Member State

- *National Government*: including its members from one or more political parties, the Head of State or Government, relevant executive ministers and administration.
- *Progressive Parties*: They include all parties that are represented either in the Group of the Progressive Alliance of Socialists and Democrats in the European Parliament (S&D) or that are members of the Party of European Socialists (PES) and have gained a minimum share of 5 % of the votes in the last national or European elections. They also include La République en Marche (REM) in France.

### Concrete Reform Options in Different Policy Areas

#### **Social Union**

1. *Upward Convergence of National Social Security Schemes* to provide Europe-wide protection against social risks and to ensure a decent standard of living for EU citizens.
2. *European Coordination of National Minimum Wages* to ensure a decent income within the EU to prevent in-work poverty, to promote social convergence and to avoid social dumping across the EU.
3. *New Balance of Social Rights and Internal Market Freedoms* to compensate the current precedence of internal market freedoms over national social rights.

#### **European Economic and Monetary Union**

4. *Fighting Tax Fraud and Tax Evasion on a European Level* for a fair allocation of tax burdens among natural and judicial persons.
5. *Fiscal Capacity for the Euro Zone* to provide stabilisation against economic shocks through public expenditure in the euro zone.
6. *Mutualisation of Public Debts* to tackle the problem of a sharp increase in public debts in some member states as a result of the euro zone crisis.

#### **European Defence Union**

7. *Extending EU Military Planning Capabilities* also for executive military missions and operations.
8. *EU Army* establishing a permanent multinational military force under European command.

#### **Asylum and Migration**

9. *Pure Quota System for the Relocation of Asylum Seekers* which would replace the Dublin system.
10. *More Competences for the European Border and Coast Guard Agency (EBCG)* expanding the current EBCG tasks in terms of »shared responsibility« between the EBCG and national authorities.

#### **Polity**

11. *Increase Democratic Accountability of the Economic Governance of the Euro Zone* to make its institutions more responsive to EU citizens.
12. *European Citizens' Initiative (ECI)*: revision of the ECI regulation to make the instrument more citizen-friendly and effective in order to strengthen the participative democracy in the EU.

#### **White Paper Process**

13. *The White Paper on the Future of Europe* by the European Commission presents five possible scenarios for the future course of European integration.
14. *Flexible Integration*: limiting the application of certain rules to certain EU member states.
15. *Preferred Reform Instrument*: Treaty reform, reforms inside or outside the Treaties.

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## **Imprint**

© 2018

### **Friedrich-Ebert-Stiftung**

Publisher: International Policy Analysis,  
Hiroshimastraße 28, D-10785 Berlin, Germany  
[www.fes.de/ipa](http://www.fes.de/ipa)  
Orders/Contact: [info.ipa@fes.de](mailto:info.ipa@fes.de)

Study conducted by:  
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**ISBN: 978-3-96250-130-3**

Front cover image: [AboutLife/shutterstock.com](https://www.shutterstock.com)  
Design concept: [www.stetzer.net](http://www.stetzer.net)  
Realisation/Typesetting: pertext, Berlin  
Print: [www.druckerei-brandt.de](http://www.druckerei-brandt.de)

August 2018

