

Lithuania

The EU New Member States as Agenda Setters in the Enlarged European Union

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The publication is a product of the Open Society Institute – Sofia within the European Policies Initiative (EuPI) and the project “The EU New Member States as Agenda Setters in the Enlarged European Union”. This EuPI project has been implemented in close partnership with EUROPEUM Institute for European Policy, with funding provided by the Open Society Institute – Sofia.

About EuPI

The European Policy Initiative (EuPI) aims at stimulating and assisting the New Member States from CEE to develop capacity for constructive co-authorship of common European policies at both government and civil society level. As a new priority area of the European Policies and Civic Participation Program of Open Society Institute – Sofia, EuPI will contribute to improving the capacity of New Member States to effectively impact common European policies through quality research, policy recommendations, networking and advocacy. The initiative operates in the ten New Member States from CEE through a network of experts and policy institutes.

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About the publication

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The objective has been to map the positions and level of activity of the ten new EU Member States on a number of issues on the EU agenda; identifying the factors and drives behind these positions; looking at the level of political and public consensus and the influence of major stakeholders; outlining coalition patterns within the EU and, finally, trying to provide an outlook on possible change of these positions.

The countries have been classified on each of the policy issues as “Policy Takers”, “Policy Killers” or “Policy Drivers”, depending on their particular position and level of activity. In the classification of this study, Policy Takers are those states that usually follow the mainstream in the EU and in general accept whatever is offered from the EU. The Policy Driver is a country that assertively promotes an issue at EU level. A Policy Killer is a country that actively opposes the policy in question.

The research has been carried out by individual researchers in each of the ten new members on the basis of specially designed methodology, developed by EUROPEUM and major input from EuPI/OSI-Sofia. The seven policy areas under research are: I. Internal market/Lisbon Strategy; II. Minority integration and citizenship issues; III. Energy and climate change; IV. Budget review and CAP Health Check; V. EU foreign policy and enlargement; VI. Freedom, Security and Justice; VII. Institutional issues.

The research was carried out primarily in the period September 2008 – December 2009, but there may be references beyond this period. Some positions and circumstances described in the reports may have changed since the information was last made available to the researchers or reached the stage of publication.

The researchers’ findings are published in ten country reports on each of the New Member States: Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.

The structure of the country reports includes an overview of the country’s performance as an EU member and seven chapters following the seven broad policy areas. Each chapter contains an overview of the position of this country in the area, including the top three national priorities. Then the chapters provide in-depth analyses, information and prognoses on a set of issues (defined as general and specific) within each of the seven policy areas.

A comparative report, based on the ten country reports, was produced to highlight the project’s findings.

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Country Report

April 2009

Lithuania

**The EU New Member States as Agenda
Setters in the Enlarged European Union**

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About the author

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Lithuania in the EU: An overview

Lithuanian EU policy after accession in 2004 is widely acknowledged to be *de facto* a policy of adaptation and accommodation in nearly all fields of public policy. This was due to expectations that a certain period of one-sided europeanisation ought to precede actual attempts to raise Lithuanian national interests onto the EU level. However, Lithuania still remains a Policy Taker in many areas of EU policy because the underlying strategic interests as defined in Lithuanian foreign policy are oriented towards raising issues of Lithuanian external policy and security onto the EU level (which constitutes a rather small part of all actual policies implemented and led by the EU). The EU policy *per se* remains vaguely defined. This results in setting such EU policy priorities as: striving for a comprehensive EU policy towards Russia; emphasis on external energy security, the Eastern neighbourhood and further EU enlargement. Therefore, many issues that do not involve an external dimension are considered to be at agency-level. Thus, the fact that Lithuania is a relatively passive actor in EU decision making is due to several internal reasons:

- The overall vision of Lithuanian interests within the EU and methods to implement them remain vaguely defined (lack of goal-oriented political guidelines in Lithuanian EU policy). What is more, non-governmental stakeholders remain oriented towards the national rather than the EU policy level and participate passively in consultations on Lithuanian positions.
- The above can also be associated with the fact that European policies are often treated as “ready-to-use” solutions in cases where creation of a specific national policy is more costly.
- Inter-institutional cooperation among Lithuanian institutions to formulate national positions remains inefficient to a certain extent: initiatives analysed in separate working groups are often interrelated, but the decisions are not coordinated. This reflects an agency-style production of Lithuanian positions rather than the presence of a comprehensive Lithuanian political direction. Formulation of national positions is shared by the Ministry of Foreign Affairs, Office of the Government and sectoral ministries.

Lithuanian priorities stem above all from the following underlying objective conditions and overall commitments:

1. Situation of the Lithuanian energy sector
2. Lithuania remaining among the less-economically-developed EU Member States
3. Lithuania being situated at the EU’s external border
4. Strong commitment to transatlantic partnership and to supporting democracies in transition near Lithuania and overall
5. Lithuania being against the development of a multi-speed Europe

Lithuania can be considered a Policy Driver on these issues:

- Issues of external energy security, liberalisation of the energy market, increased role of the Commission in EU Energy policy (because of excessive dependency of the Lithuanian energy sector on Russian supplies of fossil fuels and the likelihood of an increased presence of Russian energy monopolies in the European energy market)
- Continuous enlargement and Eastern cooperation as a priority (in order to ensure prosperity and security in the immediate vicinity of Lithuania)
- Strengthening the civilian dimension of Security so as not to duplicate NATO functions; developing transatlantic relations (in order not to undermine NATO efficiency and to develop the traditionally friendly Lithuanian-US partnership)
- Revision of European Security Strategy, possibly to include energy security issues (vital for Lithuanian economy)
- Recognition of crimes committed during the Stalin period

- Establishment of Eurosur, establishment of entry – exit system and other border management tools (as Lithuania is responsible for a significant part of the EU's external border)
- Future of Lisbon Treaty ratification so as to avoid multi-speed Europe scenarios

Lithuania can be considered a Policy Killer on issues of:

- Taxation harmonisation (as it is considered that economic differences should be levelled beforehand in order not to hamper the less developed economies)
- Increased climate control obligations (as Lithuanian energy sector will need more greenhouse gas emissions after closure of the Ignalina nuclear power plant next year)
- Amendments of asylum-related regulations: the reception conditions for asylum seekers can only be adjusted at the level of minimal conditions, not to an overall harmonisation of these conditions (because of the differences in economic conditions among EU Member States)
- Legal migration (Lithuania holds the position that this should depend on demand from national labour markets and be regulated at the national level)

As noted above most of the Lithuanian positions are determined more by structural than by political factors. A change can however be expected in Lithuania's stance towards Russia, as signs of foreign policy review are on the way. This might result in more diplomatically friendly relations towards Russia but, as the change can only be expected at the tactical level, it is unlikely to produce any substantial change in Lithuanian positions on ENP or EU energy policy. This shift of position is related to several factors: the entry into office of the new government (following the October 2008 parliamentary elections); the position of the new Minister of Foreign Affairs (who stands firm on a more pragmatic approach towards Russia); and the need to eliminate securitisation of Russia from the rhetoric (in order to increase Lithuanian credibility as the Lithuanian EU presidency approaches).

Research reveals that Lithuanian coalition patterns are defined by a complex of factors:

- Geographic proximity and similar length of EU membership (both reflecting structural similarities)
- Similar transatlantic/EU enlargement/Russia orientations

Most often coalition cooperation involves Poland, Latvia, Estonia and other states of the wider Baltic Sea region, the UK, Ireland as well as the Czech Republic, Slovakia, and more seldom, France. The least common coalition partners have been the southern EU Member States.¹

¹ „Lithuanian Representation Capacities in the Working Groups and Committees of the EU Council of Ministers, and the Context of Preparations for the Lithuanian EU Presidency“, a Research Paper by European Social, Legal and Economic Projects 2007, http://www.euro.lt/documents/poveikio_tyrimai/Gebejimu%20tyrimas_LRVK_galutine%20ataskaita.pdf (in Lithuanian)

I. Internal market and Lisbon Strategy

(Growth and jobs in EC work plan and policy strategy)

1. Overview
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1. Overview

The main objective of Lithuanian economic strategy is decreasing the gap between the European average of economic development and the Lithuanian results. This fact determines that Lithuania will largely remain a Policy Taker rather than a Policy Driver in the long run. However, there are sectors (for example, the energy sector and tax issues) where Lithuania tends to emphasise and raise Lithuanian interests to the European decision making level.²

The main policy directions as defined by the national implementation programs are the following:

- ensuring macro-economic stability through implementation of structural reform in the labour market,
- promoting competitiveness of the economy, and
- increasing the reliability of the finance sector.

Lithuania is obliged to lead a sustainable fiscal policy. Among other objectives, a further reform of pensions and an increase in health service efficiency are foreseen, as well as financial stability. The priorities of economic growth are intended to be integrated with the objectives of social cohesion that above all deal with increased employment and a positive change of wages.

One of the main goals of the economic strategy until 2007 (as recorded on National Lisbon Strategy Implementation Programme) was a full-fledged membership in the European monetary union. However, after Lithuania failed to attain the Euro-requirements³ this date was pushed back to the year 2010.⁴ Currently, as the government is facing the challenges of the global financial crisis, talks on the Euro may be further postponed as few expect Lithuania to perform better on the inflation criteria. The main objectives of the new government's anti-crisis action plan for the next two years are oriented most of all towards a decrease in the budget deficit (minimisation of public spending and national debt). Euro membership is not mentioned among the means of crisis management (see the description of anti-crisis means and their relation to Lisbon Strategy goals below).

In August 2007 the government approved the general objectives for the new national implementation programme. Eight general objectives of primary importance were defined: securing a stable macroeconomic environment; implementation of the public health sector reform; implementation of higher education and studies reform; strengthening of the innovation, scientific and experimental development system; encouraging investment and improving the investment climate; improving the business environment; creation and implementation of a Better Regulation system; increase in

² The National Lisbon Strategy Implementation Programme in Lithuania of 2005
<<http://www.ukmin.lt/lt/strategija/doc/n.lis.pr.-2005-11-22,nr.1270.doc>>

³ The overall Lithuanian objective was to introduce the Euro on 1 January 2007. However, the convergence reports on Lithuanian development by the European Commission and ECB of 16 May 2006 stated that the average annual inflation in Lithuania had been slightly higher (by 0.1% point) than the control value foreseen by Maastricht treaty. Thus Lithuanian status in relation to Euro zone membership ought to remain the same.

⁴ Lithuanian Convergence Programme for 2007,
<http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=311760>.

energy efficiency and energy security; increase of labour efficiency.⁵ However, it should be noted that these priorities as well as the new 2008-2010 National Lisbon Strategy Implementation Programme were prepared in a pre-crisis situation and the priorities have since changed, leaving competitiveness questions behind overall economic stability.

The new government's crisis management plan diverges from the National Lisbon Strategy Implementation objectives as it foresees significant budgetary spending cuts, the raising of taxes and strict fiscal discipline. Higher taxes and less state incentives will probably decrease R&D and innovation investment and have a negative impact of Lithuanian competitiveness in general. It is logical that under crisis conditions implementation of Lisbon Strategy goals will be pushed aside.

There are, however, several objectives of the national Lisbon programme that will probably "survive" the expenditure cuts under an anti-crisis plan. These are basically objectives directed towards macroeconomic stability, employment and simplification of administrative barriers towards business. These measures will be necessary in order not to halt the economy totally under the pressure of increased taxes and fiscal discipline.

The national priorities of the Lisbon Strategy that are likely to remain standing under financial crisis conditions are the following:

- To ensure macroeconomic stability and carry out strict fiscal policy as well as imposing a temporary tax increase (introduction of flat-tax system and abolition of VAT exemptions) in order to increase budgetary income;
- To strengthen long-term public finance stability by implementing pension and healthcare reforms as well as higher education and studies reform, and improving the quality of the finances in the public sector (it is questionable if a government would take up reform in crisis period, however: it is likely that such reforms if implemented shall be primarily oriented towards decrease of public spending rather than towards a substantial increase of service quality);
- To modernise the labour market by increasing flexibility of labour relations and simplifying regulations for entrepreneur activities. As development of the labour market in Lithuania has been marked by low unemployment up to the beginning of global financial crisis (8% at the end of 2007⁶), most means under the Lisbon Strategy would have been oriented towards an increase in labour efficiency and use of high-tech. However, as the crisis starts to manifest itself, an increase in unemployment is predicted (it had already reached 10.8% by mid-2008⁷). Thus, according to experts, in order to decrease unemployment the means of labour market regulation should now be directed towards increasing liberalisation and labour market flexibility.

⁵Review of Government EU-related Activities, 2007, <http://www.lrv.lt/2007_LRV_apzvalga.pdf>.

⁶ Department of Statistics to the Government of the Republic of Lithuania (Statistics Lithuania), General employment data 2007, <<http://www.stat.gov.lt/lt/pages/view/?id=2407>>.

⁷ Department of Statistics to the Government of the Republic of Lithuania (Statistics Lithuania), General employment data 2008, <<http://www.stat.gov.lt/lt/pages/view/?id=2524>>.

Table of national positions

*please, refer to the methodology disclaimer in the supplements

Issue	Definition and Outlook	National Consensus	EU mainstream
1. Top three priorities	Policy Taker; likely to remain such with the exception of taxation	General Consensus, position not likely to change substantially	Within the mainstream
2.1. Review of merger regulations	Policy Taker; likely to remain Policy Taker	Consensus on the general policy	Within the mainstream
2.2. Free movement of workers	Policy Taker; likely to remain Policy Taker	Consensus on the general policy	Within the mainstream
2.3. Strategic review of "Better Regulation"; EC Simplification Rolling Programme after screening the acquis	Policy Taker; likely to remain Policy Taker	Consensus on the general policy	Within the mainstream
2.4. Free movement of services	Policy Taker; may become Potential Policy Driver	Consensus on the general policy	Within the mainstream
2.5. Taxation harmonisation	Policy Taker; Potential Policy Killer	Consensus on the general policy	Within the mainstream
3.1. Small Business Act	Policy Taker; likely to remain Policy Taker	Consensus on the general policy	Within the mainstream
3.2. Financial retail services	Policy Taker; likely to remain Policy Taker	Consensus on the general policy	Within the mainstream

2.1. General issues: Review of merger regulations

Definition: Policy Taker

Outlook: Policy Taker

Lithuanian company law is defined by the following legal documents: joint stock company laws, law of state and municipality owned companies, property association law, law of individual companies; European Economic Interest Grouping, European company, European corporation, and merger law, as well as interconnected government decisions.

The bulk of company regulations rely on the directives of the European Communities; and the European Economic Interest Grouping, European Company and European Corporation law ensure the implementation of corresponding EU legal regulation. Company law is dynamic. However, the main objectives of its development are simplification of the regulations; improvement of company governance; utilisation of contemporary technology in establishing companies, decision making and governing procedures; as well as eliminating barriers for mergers and cross-border governance.⁸

Overall, hardly any interest groups that try to prevent change have been registered. The simplification of regulations, improvement of company governance, and elimination of barriers for mergers and cross-border governance have all been positively assessed by both market analysts and the main business interest groups. The overall market orientation of the current government leans towards liberalisation in order to retain the Lithuanian economy's competitiveness in the long run.

2.2. Free movement of workers across the EU and transitional periods

Definition: Policy Taker

Outlook: Policy Taker

The strategic guidelines of Lithuanian EU policy for the period of 2008-2013 foresee a promotion of participation of Lithuanian citizens in various EU programmes that include professional training and the creation of cultural, academic and personal connections.

⁸ Information on Company Law provided by Ministry of Economy of Republic of Lithuania, <http://www.ukmin.lt/lt/veiklos_kryptys/imoniu_teise/>.

Lithuania supports EU employment policies and the objectives of increasing professional as well as geographic mobility. Lithuania aims at actively participating in the formation of Labour flexibility and employment guaranteeing policies.⁹

Lithuania's position emphasises that the remaining obstacles to the free movement of labour hamper the functioning of the four freedoms of the European market. Commission initiatives are expected to solve the problems of unequal migration challenges. A third-country labour force should only be requested in sectors where local or EU labour forces are insufficient.¹⁰

Taking into consideration the positions of the main stakeholders (trade unions, employers and general public opinion), it should be noted that until recently (until the beginning of financial crisis), low unemployment rates indicated that an influx of labour force from other EU countries would not have been a major problem for the Lithuanian labour market. Any public opposition towards labour immigration could have been better explained by national sentiments than attributable to the real situation in labour market. On the contrary, several analysts indicated that inappropriately high wages (especially in the construction and real estate sectors during the real estate boom) were preconditioned by a lack of labour force.

A large share of the problems publicly and politically discussed in relation to free movement of labour within the EU were related to high emigration rates and so-called "brain drain" (this even triggered discussions on expanding a double citizenship provision in order to embrace second generation Lithuanians born as émigrés as well as people who had given up Lithuanian citizenship due to marital ties — these suggestions were, however, dismissed). Labour force immigration has seldom been seen in a framework of immigrants taking away jobs from local citizens.

It is not easy to predict whether increasing unemployment will raise this issue to political level. Taking market preconditions into consideration, it should be noted that Lithuania will most probably face an overall economic slowdown, possibly with negative growth, inflation and decrease (or at least slow growth in the coming years) of wages. It is difficult to expect the country to become an attractive destination for labour immigration; for this reason, no immigration restriction should be necessary. Therefore, theoretically, the positive stance on access to migrants from new Member States (Bulgaria, Romania) and the "open door" policy are unlikely to change.

2.3. Positions on the Strategic Review of the "Better Regulation" package (COM(2006) 689) and ECOFIN Conclusions, 22 January 2008; EC Simplification Rolling Programme after screening the acquis

Definition: Policy Taker

Outlook: Policy Taker

"Better regulation" is considered to be an increasingly important means of improving the business and investment climate. EU Member States have achieved rather unequal results in the implementation of "Better Regulation" practices. The "Better Regulation" programme in Lithuania has been operational since February 2008.¹¹ The measures include the creation of proper institutional arrangements, impact assessment and consultation mechanisms, decreasing administrative barriers, and others. The "Better Regulation" programme naturally relies on the recommendations of OECD, the EU's "Better Regulation" strategic documents and the experience of other Member States. The main objective of this programme is to ensure an on-going creation of better conditions for business and investment, decreasing administrative barriers and providing better public services. Thus the other objectives of the programme are the following:

⁹ The Strategic Guidelines of Lithuanian EU Policy for the period of 2008-2013, Government Office of the Republic of Lithuania, <<http://www.euro.lt/documents/Strategines%20kryptys%202008%20-2013%20m.doc>>.

¹⁰ Parliamentary opinion on the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, "A Single Market for 21st Century Europe", <[¹¹ National Better Regulation Programme, Lithuania. It was confirmed by the Lithuanian government on 13 February 2008 together with an action plan of its implementation for the year 2008.](http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=312967&p_query=d%EBI%20Komisijos%20komunikatas%20Europos%20Parlamentui%2C%20Tarybai%2C%20&p_tr2=2.></p></div><div data-bbox=)

1. To create an institutional system to implement the Better Regulation policy, to increase the administrative capacities of this system and to provide the society with appropriate information on the progress of Better Regulation.
2. To formulate an integral Better Regulation policy, to create and enforce complex measures and to ensure monitoring of legal regulation.
3. To decrease the administrative barriers and unnecessary expenditure.

To implement the first objective, it is expected in the nearest future to create a solid institutional basis consisting of a coordinating institution (already assigned to the Ministry of Economy), high level ministerial representatives, business representatives, a commission for "Better Regulation" programme enforcement and monitoring, and a Better Regulation working group.

To implement the second and third objectives, the following directions for action during the year 2008 were planned:

- Improve impact assessment mechanisms
- Improve public consultation mechanisms
- Simplification of legal basis
- Decrease of administrative barriers to businesses and citizens

From the year 2009 annual Implementation plans were to be prepared and progress reports issued. According to the strategic guidelines of Lithuanian EU policy for the period of 2008-2013, it is intended to finalise the systemic overview of existing legal regulations by 2012.¹²

The assessment of this initiative by analysts has been positive overall. However, experts from the Lithuanian Free Market Institute have noted that the Lithuanian government had taken up a rather formal approach until now, and the Better Regulation initiative had been underestimated. They find that the government has paid too little attention to increasing the bureaucracy's capabilities to actually implement Better Regulation principles. By contrast, much government attention has been paid to the optimisation of law making and the investment environment, and the existing interests of separate interest groups have been omitted.¹³ Real implementation capabilities and turning Better Regulation from a formal into a working concept remains the main challenge.

The "EC Simplification Rolling Programme after screening the acquis" is of primary importance to small and medium-sized business entities. Lithuania supports its further implementation as the effect, especially on small and medium-sized businesses, is expected to bring a major contribution to the country's economic growth in the medium-term perspective. It should be noted that the Lithuanian government paid special attention to SME business conditions even under the anti-crisis plan. Simplification and improvement of SME business conditions remains a government priority.

2.4. General views on the free movement of services as enshrined in the current service directive

Definition: Policy Taker

Outlook: Policy Driver

At the end of 2007 a special department for Service Policy was established at the Ministry of Economy of the Republic of Lithuania as, contrary to the "old Member States", Lithuania belongs to the grouping of EU Member States with particular competitive ability in the service sector and thus strongly supports the removal of

¹² Information provided by the Ministry of Economy of the Republic of Lithuania, <http://www.ukmin.lt/lt/veiklos_kryptys/reglamentavimas/>.

¹³ Lithuanian Free Market Institute, "Assessment of Better Regulation initiative", 2007 07 23, <http://www.lrinka.lt/index.php/analitiniai_darbai/lri_pozicija_del_geresnio_reglamentavimo_iniciatyvos/4366>, "Suggestions on the 2009 budget project", 2008 11 11, <http://www.lrinka.lt/index.php/analitiniai_darbai/lri_pastabos_ir_pasiulymai_del_2009_metu_valstybes_biudzeto_ir_savivaldybiu_biudzetu_finansiniu_rodikliu_patvirtinimo_istatymo_projekto_xp_3420/5060>.

remaining restrictions to the free movement of services. According to the strategic guidelines of Lithuanian EU policy for the period of 2008-2013, Lithuania is a strong supporter of an efficient EU internal market and supports a further decrease in existing barriers of the "four freedoms", thus creating the conditions to realise the "fifth freedom", i.e. free movement of knowledge. Lithuania considers it to be highly important for the Service Directive to become fully operational by the end of 2009. However, horizontal legal regulations concerning services of common interest on the EU level is considered to be unnecessary.¹⁴

2.5. General issue: Positions on taxation harmonisation

Definition: Policy Taker

Outlook: Potential Policy Killer

Lithuania does support taxation coordination in the field of direct taxation.¹⁵ This is believed to be largely helpful to achieve a harmonious functioning of the internal market via a consistent functioning of the tax systems of the Member States. However, the national competences in the field of taxation ought to be retained. As far as indirect taxation initiatives at the European level are concerned, they are only acceptable to the Lithuanian interests if their impact on the performance of internal market will be positive and if it will have no negative effects on the Lithuanian political and social environment.

This position has been formulated after a thorough analysis of the Lithuanian situation. Tax revenue in Lithuania comprises only 28.4% of GDP (the lowest record among EU Member States). Besides, since 2006 Lithuania has been performing a tax reform to decrease individual revenue tax rates; the VAT in Lithuania is at the margin of 18% (also among the lower rates in the EU), and that is vital for consumption and economy growth. The company return taxation rate is at 15% (the only lower rate being in Ireland – the country of the "economic miracle" that was largely preconditioned by high FDI). Tax harmonisation in Lithuania would result in a general increase of taxation rates and thus would hamper the competitive abilities of the Lithuanian economy in relation to other Member States. Similarly, a harmonisation of social security programmes would result in larger budgetary expenditure, thus increasing tax rates and decreasing national competitive ability. Harmonisation of taxation and social systems across the EU would be in the Lithuanian interest only after the level of economic development among the Member States is naturally "harmonised".

Within this particular group of questions, tax harmonisation has been the only area of particular interest of NGOs and other stakeholders. The Lithuanian Free Market Institute (LFMI)¹⁶ has had particular influence in the formulation of the Lithuanian government's particular position on tax harmonisation at the EU level, by providing strong evidence of the anticipated losses to the Lithuanian economy in case of harmonisation.

The anti-crisis plan issued by the current government came into force on 1 January 2009. It foresees a temporary tax increase and a strict fiscal policy.¹⁷ However, it should be noted that the crisis tariff will be revised after a two-year period in order to decrease it. This means that the overall low-tax orientation of the government remains the same. The anti-crisis mechanism also demonstrates the government's position that tax harmonisation at EU level would have proven to be inefficient.

3.1. Specific issues: Small Business Act (SBA) (COM(2007) 592)

Definition: Policy Taker

¹⁴ The Strategic Guidelines of Lithuanian EU Policy for the period of 2008-2013, Government Office of Republic of Lithuania, <<http://www.euro.lt/documents/Strategines%20kryptys%202008%20-2013%20m.doc>>.

¹⁵ To achieve "interoperability" of taxation without replacing existing tax systems with a harmonised and unified one. Lithuania acknowledges the importance of solving the problems of discrimination and double taxation, however, not via harmonisation of tax but rather via coordination.

¹⁶ Lithuanian Free Market Institute (LFMI) is a private non-profit apolitical organisation, <http://www.lrinka.lt/index.php/menu/about_lfmi/mission/635>.

¹⁷ Setting an equal 20% tariff for personal income tax, VAT and corporation tax (this means an increase of VAT from 18 to 20%; a decrease of personal income tax from 24 to 20%; and an increase of corporation tax from an average tariff of 15 to 20%), plus the abolition of VAT exemptions.

Outlook: Policy Taker

Lithuania supports the objectives of improving the small and medium-sized business environment. The existing market barriers burden this element of the economy the most. Lithuania considers that it is of the highest importance to revitalise the activity of public and private capital risk funds, thus redirecting investment into enterprises with the highest growth potential. However, it can be stated that such initiatives often remain declarative as no practical means are elaborated. The anti-crisis action plan, nonetheless, foresees a mechanism of tax-credits to improve the conditions for SMEs in the initial period of business development.¹⁸

In support of the SMEs, the Lithuanian government has removed the remaining barriers that limited the possibilities of SMEs to benefit from the government's financial support in 2008. With this decision a new institution, the Lithuanian SME Council, has been created. Consisting of SMEs representatives, its purpose is to ensure cooperation between SME and governmental institutions. It can be stated that overall, there are no special positions promoted at EU level on Lithuania's behalf, and the EU-prescribed measures are mostly adopted.

3.2. Financial retail services (SEC(2007)1520)**Definition: Policy Taker****Outlook: Policy Taker**

According to Lithuania's position, a well-functioning and integrated, more liberal EU Common Market shall become the general EU means of facing the challenges of globalisation and becoming a global leader. Thus Lithuania does support the direction suggested by the Commission in this initiative. EU legal regulations on financial services should be improved. Lithuania is especially supportive of improving financial service regulations and increasing the confidence of investors in the financial market. Efficient mechanisms of protecting retail investors' interests could largely contribute to the increase of welfare of the EU citizens. In the field of financial retail services, Lithuania strongly supports the objective of simplifying account-switching procedures, as this would increase competition and advantages to the customers. The initiatives of mortgage crediting and financial stimulation of education are also highly welcome.¹⁹

There is an overall consensus among the main stakeholders and experts on pursuing a similar position as that expressed by the Lithuanian National Consumer Federation, the Lithuanian Free Market Institute and the Institute of Mathematics and Informatics. The general opinion is that Lithuanian consumers would be the first to benefit from a further improvement of financial service regulations.²⁰ Besides that, it had been noted that Lithuania is far more capable of producing higher value-added exports in the field of services than in the production of goods. Thus, further liberalisation is considered highly beneficial.²¹

¹⁸ The anti-crisis action plan foresees starting a tax credit system for newly established SMEs (state tax duty exemptions of 80 to 30% during first three years of business activity: 80% during the first year; 50% during the second; 30% during the third; and the return of these tax credits would be divided over a 5-year period).

¹⁹ Parliamentary opinion on the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, "A Single Market For 21st Century Europe",
<http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=312967&p_query=d%EBI%20Komisijos%20komunikatas%20Europos%20Parlamentui%2C%20Tarybai%2C%20&p_tr2=2.>

²⁰ Lithuanian National Consumer Federation, "Financial services remain hostages of borders", 2008 04 24,
<http://www.consum.org/naujienos/2008_04_24_finansines_paslaugos_vis_dar_valstybiu_sienu_kaites>.

²¹ In the opinion of parliamentary Committee for EU matters, EU common market principles should be expanded, 2008 02 11, <<http://www.euro.lt/lt/naujienos/apie-lietuvos-naryste-europos-sajungoje/naujienos/2618/>>.

Supplements

Internal market and Lisbon Strategy

Supplement: Overview

Government's crisis management plan²²

- Considering that a number of macroeconomic indicators and forecasts indicate that Lithuania is facing economic crisis and high speed drop into recession possibility,
- Taking into consideration the difficult situation of public finances as in 2008 the general government deficit instead of the previously planned 0.5% of GDP may reach 2.5-3%, and may grow to more than 4% of GDP in 2009 (instead of the planned 2.7),
- Taking into account that the international borrowing conditions have grown more complicated and costly,
- The government has set financial and macroeconomic stability as clear priorities of state economic policy.

I. Saving and efficient use of tax revenues

- Decrease of wages of President's office staff, MPs, members of government and the state Auditor General by an average of 15%,
- Decrease allocations for wages of civil service by 12% (except for educators as their wages, together with social and cultural workers' wages, shall be increased as planned by the previous government),
- Decrease allocations for public relations, representation and transport services by 15%,
- Decrease allocations for land reform and rural development programme by 15%,
- Decrease allocations for national defence by EUR 12 billion,
- Increase monitoring of civil service and state agencies' efficiency and decrease unnecessary allocations of means at governmental and municipality levels.

II. Taxation issues

- Setting an equal 20% tariff for personal income tax, VAT and corporation tax (this means an increase of VAT from 18 to 20%; a decrease of personal income tax from 24 to 20%; and an increase of corporation tax from an average tariff of 15 to 20%). This crisis tariff shall be revised in two years' time in order to lower it if macroeconomic stability conditions are favourable.
- Abolition of VAT exemptions, except for VAT exemption for heating services (this exemption should be lifted in 2009 as soon as a plausible mechanism of compensations for citizens is developed).
- Raising the fuel excise up to the minimal EU level, doubling the liquid gas excise, raising the alcohol and tobacco excise. Raising gambling taxes.
- -Abolition of patent (self employed) work except in cases of craftsmanship.
- -Application of the corporation tax to economic subjects working in agriculture.

III. Stimulation of entrepreneurship

²²Anti-crisis plan elaborated during November 2008 by the new government coalition elected on 12 October 2008. It entered into force on 1 January 2009.

"The Anti-crisis plan was finally revealed – the text of the plan and analytical insight", 2008 11 15, <http://www.alfa.lt/straipsnis/10236732/?Galutinai.paaiskejo.antikrizinis.planas..plano.tekstas..apzvalga.=2008-11-15_12-12>.

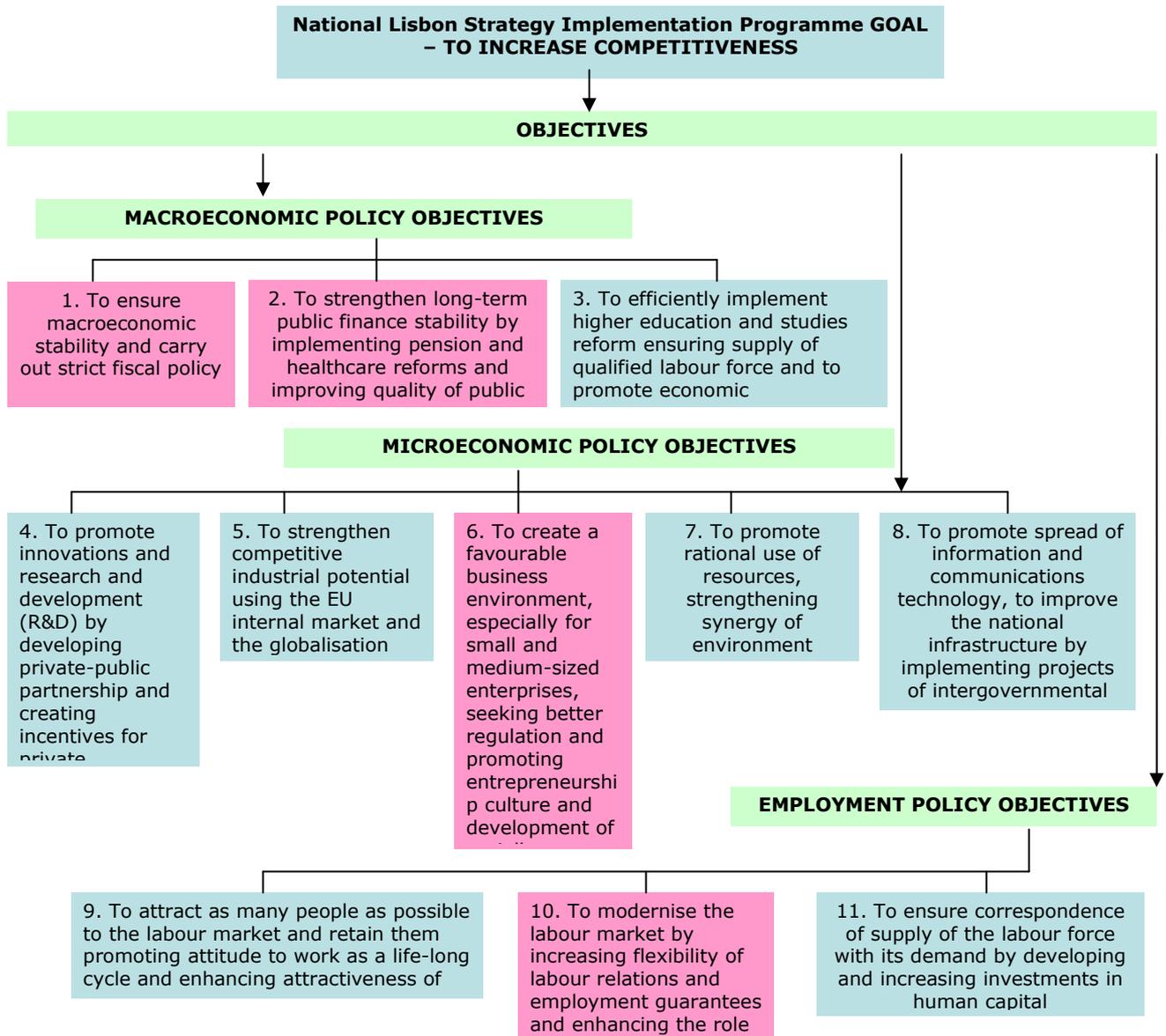
- In consultation with the European Commission and international and local financial institutions, to prepare a large scale action plan of financial measures in order to increase the stability of the financial sector in Lithuania and provide credits for Lithuanian business (at beginning of 2009).
- Setting a corporation tax exemption for enterprises that invest in labour force productivity and innovations.
- Starting a tax credit system for newly-established SMEs (state tax duty exemptions of 80-30% during the first three years of business activity).
- Imposing cuts on the state investment programme concerning new real estate projects.
- Acceleration of the utilisation of EU financial assistance via decreasing the proportion of own means by 10-20%, and simplification of project evaluation procedures.
- Simplification of business establishment and bankruptcy procedures, liberalisation of labour relations, simplification of territorial planning procedures, etc.

** The Plan is still under discussion. Final decisions regarding VAT should be made in early December 2008*

Main (formal) national priorities of Lisbon Strategy are²³

(Priorities of Lisbon Strategy that are likely to remain standing under financial crisis conditions are highlighted in red)

²³ National Lisbon Strategy Implementation Programme for 2008-2010, approved by Resolution No. 1047 of the Government of the Republic of Lithuania of 1 October 2008, <<http://www.ukmin.lt/lisabona/lt/node/159>>.



Supplement: 2.2. Free movement of workers across the EU and transitional periods**Transitional periods (starting 2004)²⁴**

EU Member State	Transitional period (years from EU accession)	Position
No restrictions		
Ireland	-	Labour market is open, however, carefully monitored.
United Kingdom	-	Labour market is open, however, carefully monitored. Citizens of the new Member States (NMS) must be registered within 30 days and submit information about the taxes they are paying as well as a document from the employer that guarantees minimum wages. Since the day of Lithuanian accession to the EU the right to free movement of labour was automatically granted to Lithuanians residing in the UK both legally and illegally.
Softer restrictions		
Sweden	-	Labour market is open, however, carefully monitored. The Swedish government had intended to introduce labour permissions to citizens of the NMS. However, this suggestion was dismissed by the Parliament.
Denmark	2+	NMS citizens are allowed to look for a vacancy up to 6 months. Then, a person must obtain a work permit for full-time employment, under conditions and wages that do not infringe a collective working agreement in the enterprise.
Italy	2	According to a decision of the Prime Minister, a quota of 20 000 workers has been set for the year 2004. The employer is responsible for acquiring a work permit from the regional administrations.
Norway	2	Norway is an EEA country, thus does not participate in EU decision making, but it follows the EU rules in many areas. It has imposed restrictions on labour migration from the NMS similar to those in Sweden.
Netherlands	2	Labour force from NMS can only be employed in sectors where there is a significant lack of local labour force, such as: seafaring, international driving service, butchery and secondary medical personnel. The work permit is usually granted for 13 weeks or less; there exists a quota of no more than 22 000 NMS workers.
Tighter restrictions		
Austria	2+	Claims that the labour market will doubtfully be opened to all non-Austrian citizens in the near future.
Belgium	2+	Restricts labour market to NMS workers.
Greece	2	Restricts labour market to NMS workers.
Iceland	2	A member of EEA, restricts access to its labour market.
Spain	2	Restrictions for the first two years after NMS accession.
Liechtenstein	2+	Restricts labour market to NMS workers.
Luxembourg	2	Restricts labour market to NMS workers.
Portugal	2	Restricts labour market to NMS workers.
France	2+	Restricts labour market to NMS workers for the first two years after NMS accession, has possibility to extend restrictions in "sensitive" areas.
Finland	2	Restricts labour market to NMS workers.
Germany	2+	Restricts labour market to NMS workers.

²⁴ Regulation of Free Movement of Labour in the EU, information provided by Ministry of Social Security and Labour, <<http://www.socmin.lt/index.php?-329393052>>.

II. Minority integration and citizenship issues

1. Overview
2. General Issues:
 - 2.1. The emerging European Roma Strategy
 - 2.2. Other minorities' integration issues
3. Specific issues:
 - 3.1. Formulation of action plans to improve housing conditions, create possibilities for employment and guarantee affordable health care and education for Roma;
 - 3.2. Institutionalisation of European policy on Roma by establishment of a Roma Unit within the EC;
 - 3.3. Position and policies related to Commission Communication COM(2008) 420 final from 2 July 2008 on Non-discrimination and Equal Opportunities: A Renewed Commitment and also Community Instruments and Policies for Roma Inclusion, Staff working document accompanying Commission Communication COM(2008) 420.

Overview

According to 2001 data, the total Lithuanian population is 3 483 972 residents. The Lithuanian population is rather homogeneous. People who are officially considered members of ethnic minorities comprise around 16.5% of the population. Although there are residents of around 115 ethnicities in Lithuania they comprise rather small or well-established minority groups. Thus the policy of ethnic minorities in Lithuania rarely tops the political agenda and is often overshadowed by issues of emigration and preservation of Lithuanian émigré communities.

Ethnic composition of the population, 2001*

	Number of residents ('000)	% of the group comprises in total population
Overall population	3700.8	100
Lithuanians	2907.2	83.5
Poles	234.9	6.7
Russians	219.7	6.3
Belarusians	42.8	1.2
Ukrainians	22.4	0.7
Jews	4.9	0.1
Germans	3.2	0.09
Tartars	3.2	0.09
Latvians	2.9	0.08
Roma	2.5	0.07
Armenians	1.4	0.04
Other	6.1	0.18
Did not indicate any ethnicity	32.9	0.94

* *Latest official data, Department of Statistics of the Government of the Republic of Lithuania (Statistics Lithuania)*

Minority issues in Lithuania are more often cross-cutting and there are no problems related to a single ethnic minority. The main problems usually indicated as minority-issue concerns are multiple.²⁵

First, although all citizens of Lithuania have equal rights, some ethnic minorities suffer from economic disadvantages. According to data from Statistics Lithuania, unemployment among ethnic minorities is higher than the Lithuanian average (2002 data): average unemployment among Lithuanians was 12.8%; among Russians – 20.3%; Poles – 17.8%; other non-Lithuanians – 17.4%. This is attributed to the lower levels of education among these groups. There is also low knowledge of the Lithuanian language, which poses a problem for professional training, acquiring a job, etc.

Second, although the dominant form of ethnic adaptation in Lithuania is

integration, the Roma minority (app. 2560 persons) is considered to be isolated. Their largest problem again is low levels of education (data of 2003 research): around 27% of Roma are illiterate. Another problem is unemployment (60%).

Third, low knowledge of the Lithuanian language is another common problem (2001 data): 61.7% of Poles indicated knowledge of Lithuanian language, 65.8% of Russians, 23.1% of Belarusians, 13.1% of Ukrainians. It remains a regional problem (the regions around the capital of Vilnius comprise the least Lithuanian-speaking area). However, 2007 data from Lithuanian schools has indicated that the number of ethnic non-

²⁵ Opinion of the Government of Lithuania on the Strategy of ethnic minorities' policy development for the period up to the year 2015, <http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=307551&p_query=&p_tr2=>.

Lithuanians tends to increase in Lithuanian schools. Fourth, another problem is that Lithuanian schools are not ready to deal with ethnic diversity, as not all ethnic non-Lithuanian pupils have sufficient knowledge of Lithuanian to be successful at school.

Fifth, there is a problem of inadequate treatment of minorities in the media. According to a study by Institute for Social Research (ISR; 2004-2005), information on minorities in the Lithuanian media is largely biased: they are represented as unreliable and trouble makers. The administrators of websites are reluctant to take on the responsibility to prevent racist manifestations online. There is no mechanism of NGO control of media materials connected to ethnic discrimination. Vilnius, a public opinion agency, conducted a 2003 survey revealing that the Lithuanian media is more intolerant towards ethnic minorities, migrants and refugees than the Lithuanian public.

Sixth, despite the fact that in public discourse ethnic intolerance is constantly emphasised as a major problem, according to Eurobarometer data (2008), Lithuanians record high comfort levels on having a disabled neighbour, one with a different ethnic origin than the respondent and one with a different religion/belief. In these cases, the Lithuanian average exceeds that for the EU.

For each of the following situations, please tell me using this scale from 1 to 10 how you would personally feel about it. On this scale, '1' means that you would be "very uncomfortable" and '10' means that you would be "totally comfortable" with this situation.



The average Lithuanian is significantly less comfortable with the idea of a homosexual neighbour or one who is a Roma. The result for a Roma neighbour is, nevertheless, in line with that seen across the EU.²⁶

The main document that regulates the ethnic minority policy in Lithuania is the Strategy of Ethnic Minorities Policy Development for the Period up to the Year 2015. The main goal of the strategy is to achieve full integration of ethnic minorities into the Lithuanian society: to provide them with proper conditions of residing, working and studying in Lithuania while ensuring the preservation of their national identity and harmony of ethnic relations. The main objectives are the following²⁷:

- Ethnic minority representatives and their abilities in Lithuanian language: to increase the percentage of minority representatives with knowledge of Lithuanian language from 60% (in 2007) to 80% (in 2015);
- Ethnic minorities and unemployment: to decrease the percentage of unemployed representatives of ethnic minorities from 18.5% (in 2007) to average unemployment rates in Lithuania (by 2015);
- Ethnic minorities and public opinion: to increase positive attitudes of ethnic minorities by one % annually.

²⁶Eurobarometer: Discrimination in the European Union 2008, Results for Lithuania, <http://ec.europa.eu/public_opinion/archives/ebs/ebs_296_sheet_lt.pdf>.

²⁷ Opinion of the Government of Lithuania on the Strategy of Ethnic Minorities Policy Development for the Period up to the Year 2015, <http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=307551&p_query=&p_tr2=>>.

Table of national positions

*please, refer to the methodology disclaimer in the supplements

Issue	Definition and Outlook	National Consensus	EU mainstream
1. Top three priorities	Policy Taker; likely to remain Policy Taker	General Consensus as minority groups and NGO fail to raise questions to the political level, position not likely to change substantially	Within the mainstream
2. 1. General Issues: The emerging European Roma	Policy Taker; likely to remain Policy Taker	Consensus on the general policy	Within the mainstream
3. 1. Specific issues: Formulation of action plans to improve housing conditions, create possibilities for employment and guarantee affordable health care and education for Roma	Policy Taker; likely to remain Policy Taker	Consensus on the general policy	Within the mainstream
3. 2. Institutionalisation of European policy on Roma by establishment of a Roma Unit within the EC (which will look at ways to effectively use the different EU funds to more directly target prioritised Roma policies and create, evaluate and help the implementation of the European Roma Strategy)	Policy Taker; likely to remain Policy Taker	Consensus on the general policy	Within the mainstream
3. 3. Position and policies related to Commission Communication COM(2008) 420 final from 2.7.2008 on Non-discrimination and equal opportunities: A renewed commitment, and also Community Instruments and Policies for Roma Inclusion, Staff working document accompanying Commission Communication COM(2008) 420.	Policy Taker; likely to remain Policy Taker	Consensus on the general policy	Within the mainstream

2. 1. General Issues: The emerging European Roma Strategy**Definition: Policy Taker****Outlook: Policy Taker**

No legal or other response has been discussed yet to raise specific Lithuanian interests within the context of this question. However, as the Roma minority does not amount to a large part of Lithuanian society and can be considered a small minority, Lithuania should not oppose any particular suggestions within this area, nor it is likely for Lithuania to become strongly involved in their formulation.

3. 1. Specific issues: Formulation of action plans to improve housing conditions, create possibilities for employment and guarantee affordable health care and education for Roma**Definition: Policy Taker****Outlook: Policy Taker**

Although the ethnic minorities are not particularly large in number, research evidence has shown that they often belong to categories of increased social risk: their social mobility is smaller, they have fewer possibilities to increase their qualifications, and they often have lower level of education (lower percentage of persons with high education). However, the disadvantages are unequally distributed among the minorities. Most of analysis concludes that Roma minority is the only one in Lithuania suffering from social exclusion.

The general policy document that serves as the action plan of improving Roma minority integration conditions is the National Program of Roma Integration for the Period 2008-2010. This document has been formulated according to recommendations of the following: a sociological study about the living conditions of Roma minority settlements in Vilnius (pursued by The Institute of Labor and Social Research), 2001; Attitudes of

Roma and Employers towards Integration into Labour Market (pursued by Centre of Ethnic Studies (CES) at the Institute for Social Research (ISR)), 2007; The Possibilities of Roma Community Social Integration study (pursued by Centre of Ethnic Studies (CES) at the Institute for Social Research (ISR)), 2007; The Council of Europe's European Commission against Racism and Intolerance (ECRI) third report about Lithuania, 2005 June 24; Recommendations of the UN Committee on the Elimination of Racial Discrimination, accordingly to the second and the third periodic report; as well as the Action Plan on Improving the Situation of Roma and Sinti within the OSCE Area.

The objectives and tasks of the programme are:

- To ensure comprehensive integration of the Roma minority into society and to decrease social exclusion;
- To preserve Roma national identity by creating conditions for the preservation of language, culture, traditions and material cultural heritage;
- To increase tolerance towards Roma and to enhance mutual confidence.

3. 2. Institutionalisation of European policy on Romaby establishment of a Roma Unit within the EC

Definition: Policy Taker

Outlook: Policy Taker

Just as in the case of Roma strategy, this question may be considered to be a non-issue in Lithuanian EU policy context. No legal or other response has been discussed yet to raise specific Lithuanian interests within the context of this question. However, as the Roma minority does not amount to a large part of Lithuanian society and can be considered a small minority, Lithuania should not oppose any particular suggestions within this area, and the likely reaction will probably be ignorance.

3. 3. Position and policies related to Commission Communication COM(2008) 420 final from 2.7.2008 on Non-discrimination and equal opportunities: A renewed commitment, and also Community Instruments and Policies for Roma Inclusion, Staff working document accompanying Commission Communication COM(2008) 420.

Definition: Policy Taker

Outlook: Policy Taker

Because of reasons as mentioned above, Lithuania is an overall Policy Taker on this issue. No political or social debate has been launched to deliver any specific interests concerning this question. However, it is likely that Lithuania will express approval towards this initiative.

Supplement**Minority integration and citizenship issues****Positions of main stakeholders²⁸:**

Stakeholders	Main issues of concern/problems seen/positions on their solution
Department of National Minorities and Lithuanians Living Abroad to the Government of the Republic of Lithuania	<ol style="list-style-type: none"> 1. Preservation of minority languages and identity 2. Decrease of xenophobia 3. Modernisation of legal basis concerning ethnic minorities (legislation still lacks a clear definition of what should be considered an "ethnic minority") 4. Double citizenship regulations 5. More than 70% of parents officially belonging to ethnic minorities tend to educate their children in Lithuanian schools in Lithuanian language. Their general identification with the Lithuanian state is strong, but they do not tend to participate in state life actively (via elections, for example).
Council of Ethnic Communities (at the President's administration)	Proposal of creating a separate institution of ombudsman to separate ethnic discrimination issues from sexual and other discrimination cases
Centre of Ethnic Studies (CES) at the Institute for Social Research (ISR)	<ol style="list-style-type: none"> 1. Ethnic minority issues in Lithuania are often solely associated with Polish and Russian minorities. The perspective should be wider and involve the minorities that are less populous and thus gain less attention. 2. All the positive legislation stands from 1989. However, progress has been stalled since then. The situation in Lithuania has been stable, however, one should expect a more intense immigration in the future, and thus the Russian-speaking minority is expected to increase. Preparations are necessary.
Civil Society Institute	<ol style="list-style-type: none"> 1. Although the Roma minority is small in Lithuania, it still suffers the largest costs of exclusion. 2. The government's projects and programmes are oriented towards cultural and educational issues rather than to those of social exclusion, unemployment and housing conditions. For example, the Employment law of 2006 foresees compensating part of the tax expenditure of employers that hire persons from certain social groups; however, the Roma minority is not listed among them.

²⁸ Transcript of a discussion on the topic "Situation of ethnic minorities in Lithuania: is residing in Lithuania comfortable?" organised by Lithuanian Member of the European Parliament Laima Andrikiene in June 2007, <<http://www.bernardinai.lt/index.php?url=articles/63088>>.

Strategy of Ethnic Minorities Policy Development for the Period up to the Year 2015 are the following²⁹:

<p>I. STRATEGIC OBJECTIVE</p> <p>To achieve full integration of ethnic minorities into Lithuanian society: to provide them with proper conditions of residing, working and studying in Lithuania, while ensuring the preservation of their national identity and harmony of ethnic relations.</p>		
<p>The criteria of achieving the strategic goal are the following:</p>		
<p>Ethnic minority representatives and their abilities in Lithuanian language</p>	<p>Ethnic minorities and unemployment</p>	<p>Ethnic minorities and public opinion</p>
<p>To increase the percentage of minority representatives with knowledge of Lithuanian language from 60% (in 2007) to 80% (in 2015)</p>	<p>To decrease the percentage of unemployed representatives of ethnic minorities from 18.5% (in 2007) to average unemployment rates in Lithuania (by 2015)</p>	<p>To increase positive attitudes of ethnic minorities by one % annually%</p>
<p>II. OTHER OBJECTIVES AND CRITERIA OF THEIR ACHIEVEMENT</p>		
<p>1st Objective: To achieve full integration of ethnic minorities</p> <ul style="list-style-type: none"> To ensure that an absolute majority of minority representatives achieves good Lithuanian language skills To lessen the marginalisation and social exclusion of the Roma minority To encourage participation of minorities in public life 	<p>To increase the numbers of ethnic minority representatives that take official courses in Lithuanian language from 553 (in 2007) to 854 (in 2015)</p> <p>To increase the number of Roma that have successfully gained professional education and are prepared for labour market competition from 10 (in 2007) to 20 (2015).</p>	
<p>2nd Objective: to preserve identity of ethnic minorities</p> <ul style="list-style-type: none"> To support education of ethnic minorities To support the efforts of ethnic minorities to preserve their language, traditions and material cultural heritage 	<p>To increase the number of "Sunday" schools for ethnic minorities from 46 (in 2007) to 65 in 2015.</p> <p>To increase the number of educational and cultural projects for ethnic minorities from 293 (in 2007) to 381 in 2015.</p>	
<p>3rd Objective: to ensure harmony of ethnic relations</p> <ul style="list-style-type: none"> To encourage confidence and mutual understanding among different ethnic groups, to encourage tolerance, to improve policies of fight against racism and ethnic discrimination To ensure availability of information concerning Lithuanian ethnic minority policies. 	<p>To increase positive attitudes towards ethnic minorities in public opinion polls from 80% (in 2007) to 86% in 2015.</p>	

²⁹ Opinion of the Government of Lithuania on the Strategy of ethnic minorities policy development for the period up to the year 2015,
http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=307551&p_query=&p_tr2=>.

The National programme of Roma Integration for the Period 2008-2010

Objectives	Tasks	Expected Results
To ensure comprehensive integration of Roma minority into society and decrease social exclusion	<ul style="list-style-type: none"> • To develop education of Roma children and youth, adult education • To include Roma into the labour market • To gather and accumulate information about the living conditions and environment of the Roma minority • To provide Roma with appropriate information about health • To pursue programs on prevention of drug abuse and criminal activities <p>To enhance abilities of Roma communities to organise and solve some problems self sufficiently inside the communities</p>	<ul style="list-style-type: none"> • To increase the number of Roma that have completed courses in Lithuanian language from 35 (in 2007) to 65 in 2010. • To increase the number of Roma children that attend secondary schools from 597 (in 2005) to 650 in 2010. • To increase the number of Roma actively involved in activities of culture and tradition preservation from 20 (in 2007) to 40 in 2010. • To enhance positive public attitudes towards Roma from 17.5% (2005) to 20%.
To preserve Roma national identity through creating conditions for preservation of language, culture, traditions and material cultural heritage.		
To increase tolerance towards Roma and to enhance mutual confidence	To provide society with appropriate information about the situation of the Roma minority	

III. Energy and climate

1. Overview
2. General issues:
 - 2.1. Strategic energy review (2007) and positions towards 2010-2014 energy action plan
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Overview

Energy security and diversification of energy supply are the main aspects of Lithuania's energy policy. In order to increase the energy security of the country, the National Energy Strategy prescribes the following objectives³⁰:

- Firstly, to promote a complex integration of Lithuanian energy systems (beginning with the electricity and gas sectors) into the EU systems and the EU energy market;
- Secondly, to develop the diversity of primary energy sources by restoring nuclear energy production and by rapidly increasing the share of renewable and local sources in the general energy balance; to ensure that the share of natural gas does not exceed 30% in the energy production sector of Lithuania;
- Thirdly, to increase energy efficiency and energy saving.

Taking into consideration that Lithuania and the two other Baltic states constitute an "energy island"³¹ in the context of European energy market, it can be concluded that the most important priority of Lithuanian energy policy in Europe is the creation of energy supply links with other European countries. It is within the primary interest of Lithuania that other EU members contribute to the decrease of energy isolation of Lithuania and other Baltic states and to synchronising the electricity systems with the UCTE system.³² Lithuania strongly supports the extension of European Commission competence in formulating a common EU energy policy. The importance of these questions on the domestic and EU political agenda determines that Lithuania intends to be a Policy Driver in the energy sector-related policies at the EU level in order to materialise its internal policy priorities.

As far as the positions of main stakeholders are concerned, there are several business-related interest groups that oppose the principle of ensuring that the share of natural gas imported from a single country does not exceed 30% in the annual Lithuanian energy consumption balance sheet. The two main opponents of this policy objective are the supply intermediaries of the main gas supplier to Lithuania — the Russian gas company Gazprom — namely, Lietuvos dujos (Lithuanian Natural Gas Company) and Dujotekana. The business interest of these companies neither coincides with the development of renewable sources, nor with energy savings or alternative routes of energy supply. Dujotekana is believed to be an especially active lobbyist of

³⁰ The National Energy Strategy (2008), *Lietuvos ūkio ministerija, Lietuvos energetikos institutas*, <http://www.ukmin.lt/lt/veiklos_kryptys/energetika/bendrieji_dokumentai/doc/Ataskaitos2007/NE_S_kom_liet.pdf>, p. 21.

³¹ The concept of "energy island" describes the situation of energy isolation, in this case as Lithuania so far has no electricity grids connecting the Lithuanian electricity network to the European networks and is dependent up to 90% on oil and gas from a single supplier — Russia.

³² The Union for the Co-ordination of Transmission of Electricity is the association of transmission system operators in continental Europe. The National Energy Strategy (2008), *Lietuvos ūkio ministerija, Lietuvos energetikos institutas*, <http://www.ukmin.lt/lt/veiklos_kryptys/energetika/bendrieji_dokumentai/doc/Ataskaitos2007/NES_kom_liet.pdf>, p. 25.

the national political system, often acting via financing the election campaigns of political parties.

Although the National Energy Strategy foresees the necessity of ensuring succession of nuclear energy, the construction of a new nuclear power plant in Lithuania has gained contradictory assessments. The general criticism aimed at the questionable legitimacy of the national investor, which was formed in a rather non-transparent manner. The critics³³ were particularly concerned that the establishing documents of "Leo LT" (the national investor) do not provide any legally binding clauses guaranteeing that the national investor would actually implement the projects it has been created for. Besides, NDX Energija (an energy company controlled by the largest business company in Lithuania, VP Market) is not legally obliged to invest into the venture that is being created. Formally, the obligations only set a two-year term during which NDX Energija cannot separate itself from the "Leo LT" project; that is, a term obviously shorter than the time necessary for the construction of a new power plant and for building energy grid connections with Poland and Scandinavian countries. After these two obligatory years, NDX Energija would be able to sell its share of the portfolio and gain additional revenue from the acquired share of electricity sector assets.

Table of national positions

*please, refer to the methodology disclaimer in the supplements

Issue	Definition and Outlook	National Consensus	EU mainstream
1. Top three priorities	Policy Taker to Policy Driver (on issues of external energy security) or Potential Policy Killer (on increased climate control obligations)	General Consensus, position not likely to change substantially	Conditionally within the mainstream
2.1. General issues: Strategic energy review (2007) and positions towards 2010-2014 energy action plan	Policy Taker likely to become Potential Policy Driver	Consensus on the general policy	Within the mainstream
2.2. The post-Kyoto/post-2012 proposals – the global dimension	Policy Taker to Potential Policy Killer	Consensus on the general policy	Conditionally within the mainstream
2.3. Commitment to meet the benchmarks for greenhouse emissions	Policy Taker; likely to remain Policy Taker	Consensus on the general policy	Conditionally within the mainstream
2.4. Strategy and commitment to increase the share of renewable sources	Policy Taker; likely to remain Policy Taker	Consensus on the general policy	Within the mainstream
2.5. Strategy towards nuclear energy	Policy Taker; likely to remain Policy Taker	Consensus on the general policy	Within the mainstream
2.6. Implementation of the revised Emission Trading Scheme	Policy Taker; Potential Policy Killer	Consensus on the national position	Conditionally within the mainstream
2.7. External dimension of energy security	Policy Driver; likely to remain Potential Policy Driver	Consensus on the general policy	Conditionally within the mainstream
3.1. Specific issues: Liberalisation of the energy market – 3rd energy package (unbundling)	Policy Taker; to Potential Policy Driver	Consensus on the general policy	Within the mainstream
3.2. Common rules for the internal market in electricity (COM (2007) 508), cross border exchanges in electricity (COM(2007) 531), common rules for the internal market in gas (COM(2007) 529), access conditions to the gas transition network (COM (2007)	Policy Taker; to Potential Policy Driver	Consensus on the general policy	Within the mainstream
3.3. Establishment of the Agency for Co-operation of Energy Regulators (COM(2007) 503)	Policy Taker; to Potential Policy Driver	Consensus on the general policy	Within the mainstream

³³ Oppositional political parties: Homeland Union (Lithuanian Conservatives), the Liberal democrats, Labour Party.

Competing business holdings: MG Baltic, "Achema" stock company and their media holdings.

2.1. General issues: Strategic Energy Review (2007) and positions towards 2010-2014 Energy Action Plan

Definition: Policy Taker

Outlook: Policy Driver

The National Energy Strategy of Lithuania that was approved in January 2007 states that a complex integration of the Lithuanian energy systems (beginning with the electricity and gas sectors) into EU systems and the EU energy market is a vital precondition of Lithuanian energy security. The EU Energy Action Plan is particularly important to Lithuania in order to finalise the integration of a common European energy market insofar as it deals with new projects solving the problems of infrastructure isolation.

2.2. The post-Kyoto/post-2012 proposals – the global dimension

Definition: Policy Taker

Outlook: Policy Killer

Throughout the year 2007 the climate change issue has been one of the main priorities of both EU and Lithuanian agendas. The general objective of the Lithuanian government has been to ensure that the environmental obligations taken at the EU level could remain compatible with proper development of Lithuanian business, industry and energy security needs. Closing down the Ignalina nuclear power plant will inevitably mean that thermoelectricity-producing power plants would increase their production; that is, Lithuania will need a bigger greenhouse gas emissions quota simply to satisfy the internal demands of energy production. Therefore, Lithuania opposes a significant decrease of emissions quotas below the already agreed EU levels, and retains a rather reluctant position on too-ambitious goals to raise requirements for climate control. It should be noted that issues of energy security heavily override environmental concerns in the Lithuanian EU policy context. On the other hand, Lithuania does not oppose a larger EU role in global climate issues and does support inclusion of as many countries as possible in the new post-Kyoto framework.

2.3. Commitment to meet the benchmarks for greenhouse emissions

Definition: Policy Taker

Outlook: Policy Taker

The initiative at the EU level (taken in spring 2007) to decrease the greenhouse gas emissions down to 20% by 2020 as compared to the levels of 1990, and to achieve that at least 20% of all energy would be provided by renewable energy sources by 2020, poses a challenge to the Lithuanian government: the National Energy Strategy provides that such levels of renewable energy source employment would be achieved only by 2025. As mentioned above, as far as climate issues are concerned, closing down the Ignalina nuclear power plant imposes considerable restrictions on possible Lithuanian support towards climate-oriented obligations. The obligations taken at the EU level are already significantly higher than local capabilities. Thus the division of obligations within the EU is a question of particular importance to Lithuania.³⁴

2.4. Strategy and commitment to increase the share of renewable sources

Definition: Policy Taker

Outlook: Policy Taker

The share of local and renewable energy sources (taking into account chemically processed energy but leaving local oil production out of the calculations) constituted 10.8% of the general primary energy balance sheet of Lithuania. The National Energy Strategy of Lithuania provides that the share of local and renewable sources should constitute 20% of total primary energy balance by 2025 (that is, their share would increase by 1.5% annually until 2012 and should reach 20% by 2025).³⁵ The National Energy Efficiency programme for the period of 2006-2010 provides for these interim results: renewables should constitute 12% of the general primary energy balance by

³⁴ Review of government EU-related activities, 2007, <http://www.lrv.lt/2007_LRV_apzvalga.pdf>.

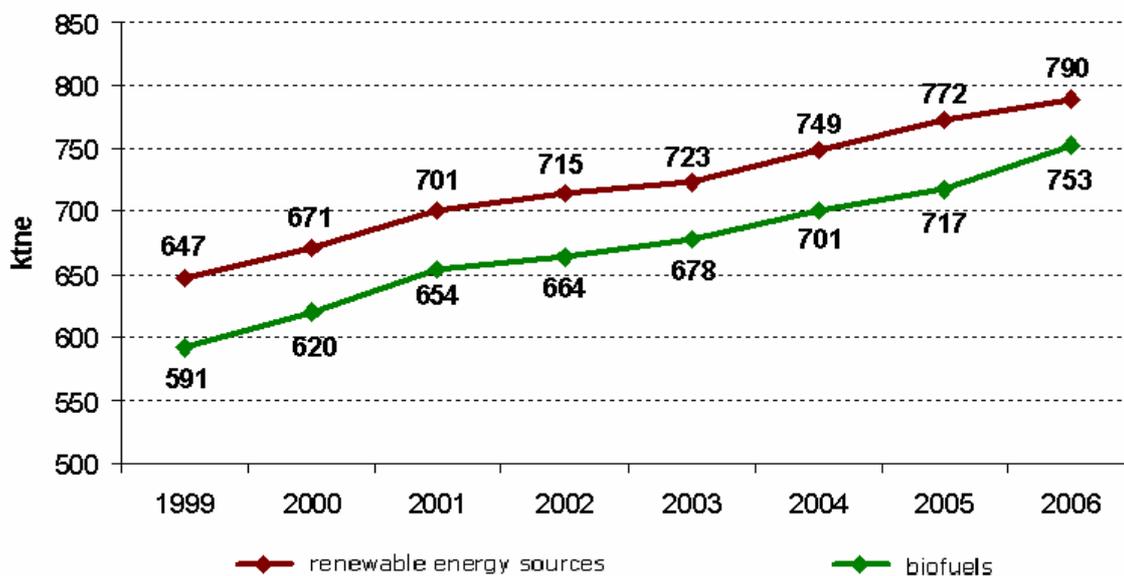
³⁵ The National Energy Strategy (2008), *Lietuvos ūkio ministerija, Lietuvos energetikos institutas*, <http://www.ukmin.lt/lt/veiklos_kryptys/energetika/bendrieji_dokumentai/doc/Ataskaitos2007/NE_S_kom_liet.pdf>, p. 53.

2010.³⁶ As mentioned above, this obligation does not totally fulfil the objectives set at the EU level. The 2008 European Commission EU Climate Change and Renewable Energy package provides that renewables ought to constitute 20% of total primary energy balance by 2020.

In order to fulfil the obligations in the renewable energy sector, the Ministry of Economy intends to prepare and implement a programme for a more rapid increase of the use of biofuels in heat and electricity production. This programme shall provide:

- utilisation of modern technology and all of the economically reasonable deforesting waste products,
- creation and implementation of a logistics system for haulm collection, storage, transportation and utilisation in centralised heating ventures,
- promoting of farming of fuel-producing crops and continuous expansion scope of such farming,
- organisation of housing waste sorting and building their utilisation facilities,
- increasingly replacing oil products with biofuels via expansion of oilseed rape and other oilseed crop farming and production of biofuels. To support production of bioethanol and utilisation of latest technologies in the production process as well as use of diverse primary materials. Special support shall be provided to ventures that specialise in both oilseed crop farming and production of biofuels,
- implementation of the common 200 MW wind power plant construction programme.

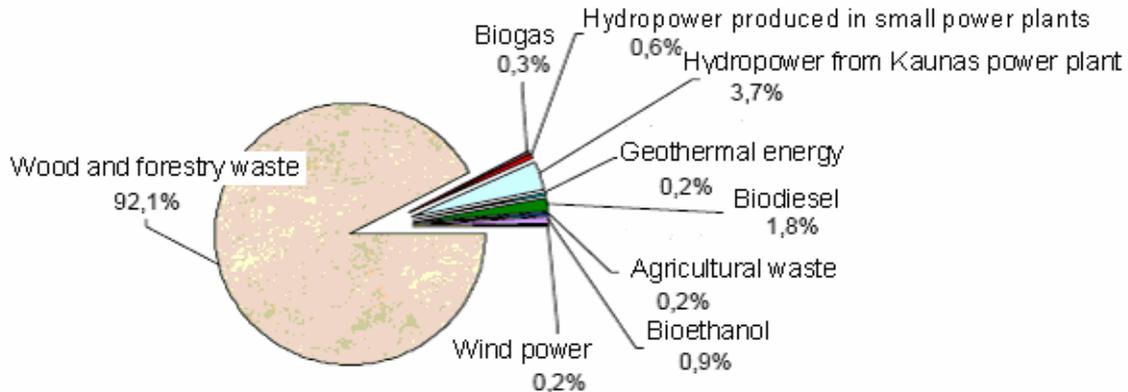
Overall, the current state of use of renewables is on a gradual increase since 1999 (see diagram below).³⁷



³⁶ The National Energy Efficiency Programme for the Period of 2006-2010, Redakcija aktuali nuo: 2008 03 12, <http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=316206>

³⁷ Data provided by Statistics Lithuania.

The structure of renewables' use shows that biofuels do not constitute a large share in it (see table below).³⁸ However, that does not mean that prospects of development of this sector are weak. According to most energy experts, although the main renewables employed in Lithuania are wood and forestry waste and hydroenergy, the prospects for wind energy and biofuel use are good.³⁹



What makes the use of renewables relevant (and the above-mentioned programme for a more rapid increase of biofuels use in heat and electricity production feasible) is the fact that rapid increase of natural gas prices have made some alternative fuels cheaper (for example, forestry waste). The same counts for increased utilisation of energy plants, and all kinds of waste utilisation technologies. Thus, use of renewables is increasingly becoming not only environmentally but also economically rational. The problem lies in the fact that although basic technology has already been created during the last decade, according to experts, in order to be expanded and further developed it will need further tax- and financial support-related measures from the government.⁴⁰ So the viability of the above mentioned measures will largely be determined by government's policies under the current circumstances of financial crisis.

2.5. Strategy towards nuclear energy

Definition: Policy Taker

Outlook: Policy Driver

Ensuring continuity and further development of the Lithuanian nuclear energy sector is one of the main objectives of the Lithuanian National Energy Strategy, as is beginning the exploitation of the new nuclear power plant not later than by 2015.⁴¹ The Ignalina nuclear power plant is the most important electricity venture in Lithuania as it produces energy at lower costs than any of the power plants powered by organic fuels. By 2005, 70% of electricity produced in Lithuania was provided by the Ignalina nuclear power plant, and 21% was provided by the thermoelectricity power plants. In the EU Accession Treaty (2003), Lithuania officially took up the obligation to finally close down the first energy unit of the plant by 2005, the second energy unit is supposed to be closed down by 31 December 2009. The average price for end users constituted 23 ct/kWh in 2005. After closing down the second energy bloc of Ignalina nuclear power plant it is expected to rise by 39%, up to 32 ct/kWh. In addition to that, it has been estimated that after closing down Ignalina nuclear power plant without building a new

³⁸ Study on Energy Production Volumes and Renewable Energy Sources during the Period 2008-2025, Lithuanian Energy Institute, December 2007, <http://www.lsta.lt/files/studijos/2007/21_AEI_studija.pdf>.

³⁹ Study on Energy Production Volumes and Renewable Energy Sources during the Period 2008-2025, Lithuanian Energy Institute, December 2007, <http://www.lsta.lt/files/studijos/2007/21_AEI_studija.pdf>.

⁴⁰ Study on Energy Production Volumes and Renewable Energy Sources during the Period 2008-2025, Lithuanian Energy Institute, December 2007, <http://www.lsta.lt/files/studijos/2007/21_AEI_studija.pdf>.

⁴¹ The National Energy Strategy (2008), *Lietuvos ūkio ministerija, Lietuvos energetikos institutas*, <http://www.ukmin.lt/lt/veiklos_kryptys/energetika/bendrieji_dokumentai/doc/Ataskaitos2007/NE_S_kom_liet.pdf> , p. 21-24.

nuclear power plant, the natural gas demand will rise from 2.4 million tonnes in 2005 to 4.8 million tonnes by 2025. This would undermine one of main objectives of the Lithuanian energy strategy, namely the principle that natural gas provided by a single supplier country cannot exceed 30% in the annual energy balance sheet of Lithuania. These conditions suggest that Lithuania is inclined to lead an active policy at the European level concerning the future of nuclear energy. It is in Lithuania's interest that the negative consequences of the early closure of Ignalina upon the diversity of Lithuanian primary energy sources are effectively counterbalanced by rapid integration of Lithuanian energy transmission networks and other objects of infrastructure into EU energy systems. The second objective is the construction of a new nuclear power plant that would come into full operation in 2015.⁴² In other words, in order to avoid an increased dependency on imported organic fuels (of which prices are difficult to foresee due to political questions, namely, the Russian factor), to decrease pollution emissions and the negative economic effects, Lithuania should construct a new nuclear power plant. It has been estimated that the cost would be approximately 10 billion LTL (EUR 2.9 billion).

There is an overall consensus among experts, government and business that construction of a new nuclear power plant is an absolute necessity, as there are no alternatives to the Ignalina nuclear power plant which provides approximately 70% of all electricity for the Lithuanian market. In economic terms, a new power plant is the most reasonable option.

2.6. Implementation of the revised Emission Trading Scheme

Definition: Policy Taker

Outlook: Policy Killer

A new period of emission trading began in 2008. Lithuania prepared the first national plan of emission permits distribution in 2006. This plan provided the general number of Emission Trading permits and the distribution of these permits among subjects of the Lithuanian economy. In 2007 the European Commission evaluated the Lithuanian national plan and decided to decrease the number of permits nearly by half. The Lithuanian government has updated the checklist of permits in 2007, however, not decreasing the number of permits and credits, and has asked the European Court of Justice to declare the decision of the European Commission invalid and seek a new decision.⁴³

On 19 November 2007, the Lithuanian government approved a second edition of the National Plan of Emission Permissions Distribution for the Period 2008-2012.⁴⁴ The Plan provides for the distribution of 44 256 000 emission credits over the period (approximately 8 851 000 annually). Lithuania has asked for 16 million credits annually from the EU. In 2006, Lithuanian enterprises saved 47.3% of the credits and sold 69% of them to other European enterprises. The fact that many of the New Member States sold their credits rather than utilising them was the reason why the European Commission decided to decrease the amount of credits. But this caused dissatisfaction from the Czech, Estonian, Hungarian, Latvian, Lithuanian, Polish and Slovakian governments, which intended to use the revenues that the enterprises gained from selling their spare emission credits to increase investment in renewables and energy efficiency. Another significant negative aspect of cutting the emissions quota to Lithuania by half is again connected to the closure of the Ignalina nuclear power plant. Closing down the power plant will inevitably mean that thermolectricity producing power plants would increase their production, in other words that Lithuania will need a bigger emissions quota simply to satisfy its internal demand of energy production. Therefore, Lithuania strongly opposes the decrease in emissions quotas in the nearest future (at least until a new nuclear power plant becomes operational).

2.7. External dimension of energy security

Definition: Policy Driver

⁴² "Nuclear power plant legislation", Parliament of Lithuania, 2008, February 14, <http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=314568>.

⁴³ Review of Government EU-related activities, 2007, <http://www.lrv.lt/2007_LRV_apzvalga.pdf>.

⁴⁴ Ministry of Environment of the Republic of Lithuania, an analytical study "Capacity building for implementation of Kyoto requirements in Lithuania", Vilnius, 2008, <<http://www.am.lt/VI/files/0.123525001219994918.doc>>.

Outlook: Policy Driver

One of the main interests of Lithuania concerning the external dimension of energy security is transferring the internal EU energy sector regulations onto energy relations with third countries, first of all with Russia. It is within the Lithuanian interests to implement uniform legal regulation of energy sector investment concerning unbundling or detachment of supply, distribution and production ownership equally both for EU and Russian investors. Lithuania seeks to entrench the principle of reciprocity in EU-Russian relations (via the new post-PCA agreement, for example). According to the logic of this principle, Russian participation in the EU internal market has to be accompanied by consistent processes of liberalisation and decentralisation of the Russian economy. Lithuania also wants that the EU-Russia energy partnership be based on the provisions of the 1994 Energy Charter and the Transit Protocol that provides indiscriminatory third country access to gas transit infrastructure. These provisions are necessary to create equal conditions for direct alternative energy supply routes linking the EU to Caspian and Central Asian resources. The general idea behind all those requirements is, as mentioned above, promoting decentralisation and liberalisation of the Russian energy sector. Such provisions would allow turning the Lithuanian-Russian energy relations into a "contract dependency" from Russian or Western energy companies rather than the current unilateral "single supplier dependency". It is within the Lithuanian interests to further develop EU cooperation and dialogue with Turkey, Ukraine, Georgia, Azerbaijan and the countries of Central Asia and thus to develop new energy supply routes and projects. Lithuania aims for such a cooperation to become permanent and institutionalised in order to develop efficient mechanisms of implementation. Development of Nabucco, Baku-Tbilisi-Erzurum, extension of the oil pipeline Odessa-Brody to Poland and similar projects are considered to be of the highest priority for Lithuanian energy security.

The Lithuanian external energy policy interests are being formulated with relative autonomy by the Ministry of Foreign Affairs. Direct impacts of internal interest groups within this policy area are absent.

3.1. Specific issues: Liberalisation of the energy market – 3rd energy package (unbundling)**Definition: Policy Taker****Outlook: Policy Driver**

The Lithuanian government is strongly supportive of the general objective the European Commission has set in the field of EU energy policy with the 3rd energy package, that is, to create a competitive and integrated EU energy market. Therefore, all of the legal regulations of the 3rd energy package have been approved:

- Regulation concerning the establishment of an Agency for Co-operation of Energy Regulators;
- Electricity Directive partly changing and contributing to the previous Electricity Directive 2003/54/EB;
- Natural Gas Directive partly changing and contributing to the previous Natural Gas Directive 2003/55/EB;
- Regulation on Electric Energy partly changing and contributing to the previous Regulation on Electric Energy (EB) Nr. 1228/2003;
- Natural Gas Regulation partly changing and contributing to the previous Natural Gas Regulation (EB) Nr. 1775/2005.

The general propositions from the European Commission are considered to fully coincide with the strategic interests of Lithuania as defined in the National Energy Strategy, that is, to eliminate direct dependency from a single supplier and to integrate the Lithuanian electricity and natural gas networks into the EU energy system, thus ensuring security of supply and effective competition in the energy market. During the review of the EU Constitutional Treaty in June 2007, the Energy Solidarity Clause as well as the commitment to increase interoperability of energy networks⁴⁵ were introduced into the

⁴⁵ Such Lithuanian-Polish cooperation can be explained both by coinciding interests in this particular case and by an overall attempt to formulate consistent policy position within the EU

text on the initiative of the Lithuanian and Polish presidents. It is within the Lithuanian interests that the common EU energy policy principles remain as close as possible as to the primary objectives elaborated by the Commission.

3.2. Common rules for the internal market in electricity (COM (2007) 508), cross border exchanges in electricity (COM(2007) 531), common rules for the internal market in gas (COM(2007) 529), access conditions to the gas transition network (COM (2007))

Definition: Policy Taker

Outlook: Potential Policy Driver

Lithuania is in favour of setting common rules and further integration in the common electricity market. Another, parallel goal is the construction of power grids connecting Lithuanian-Polish-Swedish electricity markets, which will become of primary importance after the Ignalina nuclear power plant is shut down. However, there are certain questionable issues about the application of anti-monopoly law in the electricity market, as Lithuania had set up a national energy champion (instead of unbundling) in order to finance the construction of a new nuclear power plant and electricity connections with Poland and Sweden.

The Natural Gas Directive was an issue of heated debates within the Lithuanian institutions. It was finally decided to strongly support the compromise package, which includes all three options, and not to ask for an opt-out for Lithuania by temporary applying the third option. Lithuania strongly supports the European Commission position that suggests that the third alternative can only be interpreted as an interim option, not a final solution, and an efficiency preview is absolutely necessary. Lithuania agrees that the end goal is final property unbundling. Unbundling can be considered one of the core principles for meeting the requirements of Lithuanian national energy security within the EU energy policy. Especially if its application applies to third-country capital investment within the EU, unbundling could become the main safety clause to limit the influence of actors such as Gazprom. This will ultimately limit Russia's abilities to use gas as a political weapon. Thus, the Lithuanian position on this issue is not likely to change in the short or medium term as long as the energy dependency on Russia continues.

3.3. Establishment of the Agency for Co-operation of Energy Regulators (COM(2007) 503)

Definition: Policy Taker

Outlook: Policy Taker

Lithuania is strongly in favour of a higher EU-level regulation of third-country investment in EU energy markets (especially those coming from Russia). Lithuania has repeatedly expressed its willingness for the Commission to play a larger role in EU's energy policy, and along these lines supports the creation of the Agency for Co-operation of Energy Regulators as well.

1. The vertically integrated monopolies temporary remain operating on the market, but with the condition to seek independence of the distribution operator (i. e. having separate personnel, administration, independent audit, etc.);
2. The duties of the independent distribution operator and its relation to the vertically integrated company ought to be clearly defined and the functions of national supervision bodies expanded (i. e. the right to confirm financial and commercial agreements with the vertically integrated company; full access to financial resource information due to be invested in infrastructure projects; supervising the formation of the operators administration, etc).
3. The operator must provide the national supervision body with an annual plan of distribution network development covering a ten-year period of commitment. as Also, the operator must ensure implementation of these plans and provide information for monitoring their implementation.

framework. However, it should be noted that this partnership tends to manifest itself in the EU external relations dimension first of all, and is less obvious in other sectors.

Supplement

Energy and climate

1. Propositions and goals itemising the first strategic objective: to promote a complex integration of Lithuanian energy systems (electricity and gas sectors first of all) into EU systems and EU energy market

<p>1st proposition To build high-tension energy grid connections with the Scandinavian and Polish energy networks by 2012</p>	<p>2nd proposition To develop regional cooperation in order to achieve integration of the electricity markets of the Baltic countries by 2012</p>	<p>3rd proposition To build a gas storage facility in Lithuania, to create a regional gas storage facility to protect the interests of Lithuanian energy security. To build an LNG import terminal in the Baltic region, thus promoting gas sector liberalisation</p>	<p>4th proposition To ensure that the mode of management and operators of the new objects of energy infrastructure fulfil the criteria of fair competition and act as neutral market actors. To seek for free and non-discriminatory access to the EU energy networks</p>
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2. Propositions and goals itemising the second strategic objective: to develop the diversity of primary energy sources by restoring nuclear energy production and by rapidly increasing the share of renewable and local sources in the general energy balance; to ensure that the share of natural gas provided by a single supplier does not exceed 30% in the energy balance sheet of Lithuania

<p>1st proposition To ensure continuity of the nuclear energy production and its development, to start the exploitation of a new nuclear plant as soon as 2015</p>	<p>2nd proposition To accumulate and store a reserve of oil and oil products sufficient to meet 90 days' demand by 2010. To develop capacity of gas storage facilities in order to be able to store a reserve sufficient to meet 60 days' demand by 2013</p>	<p>3rd proposition To increase the share of renewable energy sources in the general primary energy balance sheet to at least 20% by 2025</p>	<p>4th proposition To increase the share of thermoelectric energy produced during the heating season in the general energy production balance sheet to 30% by 2025</p>
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3. Propositions and goals itemising the third strategic objective: to increase energy efficiency and energy saving

<p>1st proposition To increase energy efficiency of all types of energy (housing, industry and transport) in order to achieve the energy efficiency rates of developed European states by 2025</p>	<p>2nd proposition To increase the share of biofuels in transport sector to 15 % by 2020 and 15% by 2025</p>	<p>3rd proposition To meet EU environmental standards in the energy sector</p>	<p>4th proposition To save 9% of end energy consumption as compared to 2005 rates, starting from 1 January 2008</p>
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IV. Budget review and CAP "Health Check"

1. Overview
2. General issues:
 - 2.1. Position towards CAP "Health Check" (COM(2007)722)
 - 2.2. Positions towards the expenditure structure of post-2013 budget (SEC(2007)1188)
 - 2.3. Position towards Common Market Organisation for Fisheries

1. Overview

The agricultural sector constitutes a substantial part of the Lithuanian economy. It is also important in terms of social, ethno-cultural⁴⁶ and environmental aspects. Due to this complex and multifunctional role, agriculture is considered to be a priority sector of the Lithuanian economy.⁴⁷ The expected agricultural subsidies under CAP heavily contributed to the public support for EU accession prior to 2004. The Rural and Agriculture Development Strategy for the Period until 2015 provides that CAP development under pre-2004 conditions should substantially help the stable economic, social and environmental development of the Lithuanian countryside and agriculture.⁴⁸ This means that Lithuania has stated in advance (even prior to accession) that it prefers CAP preservation rather than reform and liberalisation of the agricultural sector. In general, most policy goals in the agricultural sector are either directed towards compliance with the EU standards or towards making full use of the EU's financial support.⁴⁹

The main policy objectives in the rural and agricultural development sector, as defined in the Rural and Agriculture Development Strategy for the Period until 2015, are the following:

- Promotion of restructuring and modernisation of the agricultural sector and improvement of the production infrastructure;
- Development of financial infrastructure and system of research, consultation and education;
- Rational use of territory (rural development and forestry, fisheries).

When assessing the viability of these goals, it may be concluded that with the current levels of EU support, many of these objectives are likely to be implemented or there was significant progress in their implementation.

The financial crisis may, however, introduce significant changes: the government action plan foresees a decrease in state support for agriculture, as well as the introduction of new taxation rates and rules, which would forestall agricultural development. The halt of the economy, the credit crunch and decrease in incomes are other impediments to the sector. This contributes to fears that the agricultural sector will not have enough resources to absorb EU support, as own contributions are also required.

⁴⁶ The term ethno-cultural is used here in reference to traditional means of farming and ethnographic heritage, not in terms of ethnic minorities.

⁴⁷ Strategy for Lithuanian Economic Development until 2015, <<http://www.ukmin.lt/lt/strategija/VIRS/Ūkio%20strategija/Lietuvos%20ukio%20strategija%20iki%202015.doc>>

⁴⁸ Strategy for Agricultural and Countryside Development for the period until 2015, 2002, <<http://www.ukmin.lt/lt/strategija/doc/9.%20kaimo%20ir%20zemes%20ukio%20pletotes%20strategija.doc>>

⁴⁹ Strategy for Agricultural and Countryside Development 2000-2006, <http://www.zum.lt/zumn/files/3904_dokumentas_8_162411.pdf>

Table of national positions

*please, refer to the methodology disclaimer in the supplements

Issue	Definition and Outlook	National Consensus	EU mainstream
1. Top three priorities	Policy Taker; likely to remain Policy Taker	General Consensus, position not likely to change substantially	Within the mainstream
2.1. General issues: Position towards CAP "Health Check" (COM 2007(722))	Policy Taker; likely to remain Policy Taker	General Consensus, position not likely to change substantially	Within the mainstream
2.2. Positions towards the expenditure structure of post-2013 budget (SEC (2007)1188)	Policy Taker; to Potential Policy Driver	General Consensus, position not likely to change substantially	Within the mainstream
2.3. Position towards Common Market Organisation for Fisheries	Policy Taker; likely to remain Policy Taker	General Consensus, position not likely to change substantially	Within the mainstream

2.1. General issues: Position towards CAP "Health Check" (COM 2007(722))

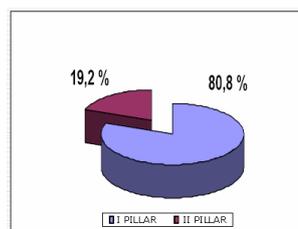
Definition: Policy Taker

Outlook: Policy Taker

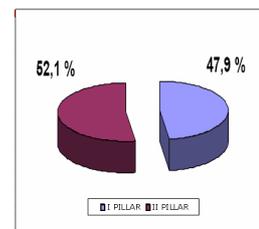
It is important to note that agriculture is a much more important sector of the economy in Lithuania than it is in many other EU Member States. In 2005 the agricultural sector created 5.6% of the overall value added. In 2006, together with the food and beverage industry the agricultural sector accounted for 9% of all value added produced in Lithuania. This rate is significantly higher than the EU-27 average, amounting to only 1.8% of all annual value added. Agricultural and food products accounted for 13.2% of Lithuania's overall exports in 2006, and the overall trade balance in food production is positive in Lithuania. The agricultural sector also accounts for a significant share of Lithuanian employment, as 12.4% of all employed persons worked in the agricultural sector in 2006, while the EU-27 average was 5%. According to analysts, agricultural and food production sectors are important for the competitiveness of the Lithuanian economy because there are enough resources to develop this sector: land property is the fundamental natural resource of Lithuania, the climate conditions are favourable, and there is adequate qualified labour force. Nevertheless, agricultural fertility and productivity rates are lower than the EU average. According to analysts, this indicates that technological investments are required. These reasons determine Lithuania's support to the retention of CAP as a common EU policy and its opposition to re-nationalisation of the CAP.

The priorities Lithuania has defined in the context of CAP reform are based on identified needs of the sector. The need for CAP reform is evident when analysing the structure of direct payments. The majority of resources necessary for agricultural development are concentrated in EU-15 countries (95% of all direct payments go to EU-15 agriculture). The EU 10 countries have to share the remaining 5%. Another issue is that the balance between I and II CAP pillars in Lithuania significantly differs from EU-27 (see graphs below).⁵⁰

Means allocated to I and II CAP pillars for the period of 2007-2013 (EU-27)



Means allocated to I and II CAP pillars for the period of 2007-2013 (Lithuania)



⁵⁰ „Increasing the competitiveness of food and agriculture sectors. Increasing importance of integrated rural development“, 8 January 2008. Presentation by Dalia Miniataite (Secretary of Ministry of Agriculture of the Republic of Lithuania) at a government-initiated discussion on Lithuanian interests within EU budget review. <http://www.finmin.lt/finmin.lt/failai/es_biudzeto_perziura/1BZUP-ES_biudzeto_reforma_20080108.pdf>.

There has been no exhaustive research done on the CAP's impact on the Lithuanian agricultural sector and economy. However, some facts can be observed clearly: increase in the size of farms, increase of land price, rising productivity, and the CAP has contributed to positive inflation rates to a certain extent.

CAP reform (along with decreasing or abolishing the UK payment corrections) is considered to be a major precondition of the EU budget reform. Only with CAP reform it is possible to substantially react to challenges raised by the Commission such as R&D development, energy and climate change, citizens' security, migration and EU's global role.⁵¹

Lithuania's long-term priorities (2014-2021) are oriented towards CAP liberalisation.⁵² This objective is related to the foreseen growth of the national economy and potential EU enlargement introducing economically less developed states. In the long run, the current CAP framework will no longer correspond with Lithuania's interests and will turn into a budgetary burden. Total liberalisation of the agricultural sector should comply with the gradual decrease of amount of people employed in agriculture through enhancement of alternative activities in rural areas. Thus, in the long run Lithuania would agree with overall removal of direct pay-outs to farmers. Only minimal mechanisms of farmer protection should remain in place, such as compensations in case of a natural disaster. In the long run it is within the Lithuanian interest that only second pillar instruments of the CAP remain in effect.⁵³ However, it is understood that this assumption is largely theoretical and dependent on many factors: what are the positions of other Member States, how fast Lithuanian agriculture and economy will develop, if/when there is a new EU enlargement and what will be the needs of new members, etc.

Just as any other EU accession state Lithuania was obliged to join the CAP and apply its regulation from the first day of membership. This implied several substantial changes of the national agricultural policy: (a) application of stricter or new veterinarian, phytosanitary, animal welfare, environmental and other standards; (b) imposing means of restriction for third-country agricultural imports and removing the trade barriers with EU Member States; (c) application of EU measures for market regulation and financial support. During the accession negotiations Lithuania struggled to negotiate as large as possible quotas for agricultural production. It generally means that in the long run the Lithuanian agricultural sector would produce a surplus. Although the costs of this overproduction would be covered by the EU it still implies that factors of production would not be used in the most efficient way. Agro-inflation was a natural solution to this problem to a certain extent as the increasing prices and demand diminished possibilities of overproduction. Thus the problem of producing goods in a way that is oriented more towards making use of the quotas and EU support than to meeting the actual demand and consumption was temporary altered.

Lithuania did not participate in the EU's 2002 talks concerning CAP or in discussions on CAP reform in 2002-2003 when it was decided to allocate smaller direct pay-outs to new member states than to other EU members. It was only during the negotiations of the financial perspective for 2007-2013 that Lithuania could express its opinion for the first time. Lithuania did not support the propositions of a sudden and radical CAP reform and liberalisation, stood strongly against nationalisation of this policy, insisted on the assignment of means additional to the 2002 amounts for the Bulgarian and Romanian agricultural sectors, and spoke for enlarged support for countryside development. Nevertheless, the European Council approved heavy cuts of CAP budget and expenditure for countryside development in 2005, although means for direct payments and market regulation were not reduced.

⁵¹ "2008-2009 EU Budget review: impact of CAP reform for Lithuania and increasing role of the EU environmental policies", 2008 01 08. Presentation by Haroldas Brožaitis, director of Public Policy and Management Institute at a government-initiated discussion on Lithuanian interests within EU budget review.

<http://www.finmin.lt/finmin.lt/failai/es_biudzeto_perziura/ES_biudzeto_perziura_ZUM_AM.pdf>.

⁵² The Strategic Guidelines of Lithuanian EU Policy for the period of 2008-2013,

<http://www.lrv.lt/ES_parama/09.01%20ES%20politika_dokumentas.pdf>

⁵³ Review of Government EU-related activities, 2007, <http://www.lrv.lt/2007_LRV_apzvalga.pdf>.

Official position towards CAP "Health Check"⁵⁴

Lithuania upholds the position that CAP reforms should be implemented gradually. CAP should remain one of the common EU policies. When deciding on the reform, it is necessary to take into consideration different starting positions of EU Member States (in terms of development and productivity). Proper financing should be allocated in order to narrow the gap. Financial commitments until 2013 that have already been achieved should not be altered and appropriate further financing should be ensured.

Simplification and monitoring of the direct payment scheme: Lithuania supports simplification and harmonisation of the direct payment scheme at the EU level. If the proposal to implement decoupled payment from 2013 on is approved, and rights to payments are pooled to a single right, the Single Payment Scheme (SPS) would become similar to Single Area Payment Scheme SAPS. Taking that into consideration, Lithuania proposes that in order to avoid additional burdens on the New Member States, they should be given the possibility to prolong application of the Single Area Payment Scheme to 2013. The Lithuanian government proposes that changing the Single Area Payment Scheme to Single Payment Scheme for just a few years is not rational if an overall decoupled payment is to be applied from 2013 on. A temporary switch would bring irrational administrative and financial costs to the New Member States without bringing much value added.

Preparations for Cross compliance: The New Member States (Lithuania among them) submitted their proposal to the Commission to fully implement cross-compliance obligations during two bi-annual periods, starting from 2009. The proposal argued that this transitional period is necessary because direct support towards New Member States had only begun in 2005. Besides, as the amounts of support were significantly lower, this decreased the possibilities of farmers to prepare themselves fully for the implementation of cross-compliance. The three-year transitional period is thus not sufficient to end the preparations.

Partial decoupling: the Lithuanian government realises that decoupled payment would provide farmers with more freedom and increase the competitiveness of EU production in international markets, and therefore, that gradual implementation of decoupled payment is inevitable. In order to allocate direct payments most efficiently, the share of support each country receives should be further allocated according to specific conditions in each country. For example, the prolonged process of land property restitution in Lithuania brought into view a significant group of land owners who pursue no actual agricultural activities, but still retain the good quality of their soils. Lithuania holds the position that farmers who actually pursue agricultural activities should be getting larger payments than the "sofa farmers" (retaining high quality of soils could be financed by CAP pillar II).

Limits of aid (minimal size of plots and/or funds): In order to improve the administration of aid and concentrate the aid distribution to farmers actually pursuing agricultural activities, Lithuania supports the Commission's proposal on minimal requirements for aid recipients. However, in the opinion of the Lithuanian government, this does not require introduction of any new criteria, as optimisation of the already-existing criteria of plot size should suffice.

Capping of Payments: Lithuania is supportive towards a more even allocation of direct payments, however, not via implementation of capping of payments. Usually, the larger farms that receive large revenues are competitive enough because of economy of scale. Capping of payments risks encouraging an artificial division of larger farms into smaller ones and thus undermining the structure of farms. Imposing a higher degree of modulation to farms that receive large payments is a more suitable method. The resources saved via the modulation could be left at the disposal of the Member States that saved them or returned to the EU budget and used to finance instruments of rural development.

Compulsory set-aside of soils: abolition of supply control and strengthening of environmental advantages: This instrument does not apply to Lithuania (and other Single Area Payment Scheme countries). Nonetheless, Lithuania supports the abolition of compulsory set-aside of soils, because it would give the farmers more freedom to

⁵⁴ Additional material on the Lithuanian position on CAP reform health check (provided by the government), 2007 12 05, <www.zum.lt/min/failai/BZUP_Sveikatingumo_patikrinimas.pdf>.

choose what to cultivate and would allow a more competitive use of soils, and thus, more competitive production.

Preparations for “soft landing” as the milk quota system approaches date of expiration: Lithuania supports the abolition of the milk quota system; however, it should be pursued gradually and in concert with a decrease (or abolition) in the milk overproduction tax. Liberalisation of the milk market should be pursued gradually and under close surveillance so that proper stabilisation means can be imposed if necessary. As the possibility of abolishing return payments for exports is being considered, milk production restrictions should be lifted also.

Risk management: Lithuania supports the creation of more efficient crisis management instruments at the EU level. The role and responsibility of producers should be increased. The creation of a risk and crisis management system should be financed by means of CAP pillar II (rural development).

Climate change, bio-energy, management of water resources and biological variety: Lithuania supports the imposition of means to decrease climate change. The Lithuanian government also notes that proper financial assistance should be attached to them and new mechanisms created. Direct assistance has increased production of bio-fuels, however, the problem of proper use of bio-fuels remains. European automobile producers produce vehicles that allow use of mixed fuels (with the proportion of bio-fuels to up 5%). This does not encourage use of bio-fuels. Legal regulations should be elaborated to promote production of vehicles with engines with no limits of bio-fuels proportions in the fuels vehicles use.

Strengthening the second CAP pillar: The Lithuanian government considers that the discussion about division of means among the pillars should begin with reform within the pillars themselves. As for the CAP pillar I, Lithuania considers that the direct payment schemes must be regulated as well as market regulation mechanisms created. Afterwards it would be evident how much of the financial means remain for the second pillar. Lithuania considers that pillar II (rural development) is of vital importance to modernisation of agricultural activities, diversification of rural enterprise and employment, and increased quality of life. Thus the share of means allocated to the second pillar should increase. Nevertheless, the Lithuanian government proposes that direct assistance to agriculture should be retained in order to motivate agricultural activities (that come with higher risks and less pay-off than other economic enterprises).

Lithuanian proposals concerning additional CAP elements that could be reviewed during the CAP health check:

Even size of direct payments in all EU Member States: In order to increase transparency and to even the competition possibilities of all producers within the EU, it is important to reconsider the abolition of differences in assistance and the basis for calculating the size of the national assistance “envelope”. Producers in Member States should receive direct payments of equal size, independent of productivity and other criteria. The rules for assigning direct assistance should also be harmonised, and historic referential values as criteria of assigning support should be lifted.

2.2. Positions towards the expenditure structure of the post-2013 budget (SEC (2007)1188)

Definition: Policy Taker

Outlook: Policy Driver

The Lithuanian government, in its official position on the EU budget review (2008 03 31), acknowledged the fact that EU policy priorities that are implemented via the EU’s common budget are dynamic. However, it listed five principles on which EU budget should be based, to be implemented regardless of the varying challenges the EU faces and possible changes in policy priorities:

- EU budget should be orientated towards those sectors that create the highest value added;
- The reallocation of means should not distort competition;
- The principle of compatibility of EU policies should be applied;

- The EU budget should serve as a means of economic, social and territorial cohesion, rather than solidarity among EU Member States;
- The EU budget should be modern; i.e., a possibility to react flexibly to the occurring challenges should be created.⁵⁵

The Lithuanian government has listed the following Lithuanian national priorities concerning the **expenditure structure of the post-2013 budget**⁵⁶:

- To seek CAP reform and to ensure of proper financing of EU energy policy that is being created;
- To seek considerable means of EU competitiveness financing, first of all via investment in innovations and R&D.
- To orient EU cohesion policy towards the least developed EU Member States and regions
- To preserve EU support for border protection, Kaliningrad transit and further financing of the Ignalina nuclear power plant programme.
- To allocate more resources towards increased cooperation with neighbouring countries (especially Eastern Partnership countries) and increased financing of EU CFSP.

Cohesion policy as a priority: As Lithuania itself is a recipient of cohesion funds, the Lithuanian government has continuously emphasised the importance and success of cohesion policy. The Lithuanian government holds firm that cohesion policy remains among the central common EU policies. In order to ensure the implementation of the general goal of cohesion policy (i.e. decrease the differences of economic development within the EU), the priority should be given to the least developed (convergence) regions. The basic criteria for identification of least developed regions should remain GDP per capita as compared to the EU average. The Lithuanian government agrees that new challenges (such as demographic changes, increasing global modernisation pressure, climate change, energy price instabilities) are of high importance. However, it is within Lithuanian interests (both official and real interests) that these questions don't undermine the general objective of the cohesion policy. Lithuania supports the binding of cohesion policy to the Lisbon Strategy. It should be noted that development priorities vary among individual Member States and regions. Lithuania has allocated more than half of the EU's structural support in the period of 2007-2013 to the implementation of Lisbon objectives. Notwithstanding that, a large demand of investment remains in the fields of healthcare, education and social welfare. Lithuania insists on simplification of the use of EU structural support via review of its administration and auditing requirements: e.g. via wider application of the proportionality principle. Uniform rules for European Regional Development Fund (ERDF) and Cohesion Fund implementation have proved to be a success. Therefore, it is important to assess the possibility of integrating the planning and implementation systems of the Cohesion Fund, ERDF, European Social Fund and other similar financial instruments (such as EU support for rural development and fisheries). In the opinion of the Lithuanian government, more attention should be paid to the evaluation of policy effects.⁵⁷

CAP as a priority: The official position of Lithuania (with absolute support of citizens working in agriculture and rural regions of Lithuania who benefited most directly from Lithuania's EU membership) is that CAP should remain a common EU policy financed from the EU budget (i.e. Lithuania objects to the "re-nationalisation" of CAP). Taking into consideration divergent levels of economic development among EU Member States, Lithuania would suggest a review of CAP implementation means allocation. During the "health check" of CAP, it is important to gradually lift inefficient means of market regulation via a review of the methodology of direct support allocations and the creation of market-oriented mechanisms. This would decrease the demand of financing for the first pillar of CAP. Having in mind Lithuanian domestic interests, the government

⁵⁵ Lithuanian government's official position on EU budget review, 2008 03 31
<http://ec.europa.eu/budget/reform/library/contributions/pgs/20080411_PGS_30_lt.pdf>.

⁵⁶ Lithuania: Sectoral priorities within the EU, information provided by Ministry of Foreign Affairs, <<https://www.urm.lt/index.php?855173076>>.

⁵⁷ Lithuanian government's official position on EU budget review, 2008 03 31
<http://ec.europa.eu/budget/reform/library/contributions/pgs/20080411_PGS_30_lt.pdf>.

proposes that the role of rural development increase; therefore, the share of CAP pillar II should increase as well. A review of the means of CAP pillar II (in terms of their efficiency) would also be recommended.⁵⁸

Energy and transport as a priority: It has been estimated by a number of analysts, that in terms of exports, Lithuania is most competitive and plausible in export of services. Transportation services could be listed among such competitive sectors. Lithuanian energy isolation and dependency on external energy sources (as energy grids with European networks are absent) creates both economic and political problems for Lithuania (possible manipulation of energy prices and supply by external suppliers, namely Russia). Therefore Lithuania holds the position that the creation of trans-European networks (energy and transportation networks) is one of the fundamental preconditions for proper EU internal market functioning. Lithuania shall seek to ensure proper support for the implementation of infrastructure projects as some countries (Lithuania among them) are isolated from the EU because of complete lack of or unfinished energy supply and transportation infrastructure. Thus it is of vital importance to Lithuania that much attention during the budget review is paid to energy infrastructure and integration of isolated markets (the Baltic states) into the common EU energy market via the creation of electricity and gas grids. EU political will is necessary to provide incentives to implement projects of energy security that may seem economically less attractive, however, of high strategic importance (e. g. Nabucco). It is important to strengthen EU energy policy, especially on the aspect of energy security, by foreseeing EU support for crisis management and instruments of climate control. Lithuania shall seek to guarantee the EU's financial obligations related to closing down the Ignalina nuclear power plant (according to Lithuanian Accession Treaty, resources for dealing with the technical consequences of shutting down the reactor were foreseen).

R&D and innovations as a priority: Lithuania suggests that changes to the EU budget concerning R&D financing should be oriented towards attuning regional and national R&D policies and creating a proper balance of these policies. It is important that further development of R&D does not leave the less developed regions lagging behind. Lithuania suggests that creation of scientific research infrastructure and innovation clusters are an appropriate means of increasing EU competitiveness. However, these means must serve to increase R&D and the economic potential of *all* Member States. Lithuania agrees that EU structural funds do play a significant role in increasing these inequalities, but the Lithuanian government tends to stress that they are not sufficient. Additional financial regulation means need to be elaborated in order to employ the R&D and innovation potential of the less developed states. For example, Lithuania proposes higher EU budgetary support towards development dispersion and "satellite" research infrastructure in convergence regions. Lithuania would also support the creation of financial instruments to reform and strengthen European universities and to integrate the higher education areas, and stimulate integration of European higher education and research areas. It is also of high importance to encourage innovations in business (via loans, risk capital and other means).⁵⁹

External relations as a priority: The Lithuanian vision of the EU as a global actor derives from Lithuanian national foreign policy priorities first of all. The Lithuanian government suggests that in order to become a global actor in international relations the EU should first be actively involved in the stabilisation of regional conflicts and energy security questions, and contribute to the fight against international crime and terrorism. The EU's foreign policy should be further developed as its implementation at the European level can create a clear value added. Among EU external relations directions Lithuania emphasises the importance of ENP, development cooperation and CFSP. Special attention should be paid to EU relations with its closest neighbours (especially in the east). In order to create a region of stability, security and prosperity in the Eastern ENP area it is important to strive for concrete results: strengthen economic integration, develop free trade and create an area of common regulation, to solve the "frozen conflicts". Lithuania proposes to transplant the good practice of Mediterranean partnership into the Eastern Dimension of the ENP. In that regard, the

⁵⁸ Lithuanian government's official position on EU budget review, 2008 03 31
<http://ec.europa.eu/budget/reform/library/contributions/pgs/20080411_PGS_30_lt.pdf>.

⁵⁹ Lithuanian government's official position on EU budget review, 2008 03 31
<http://ec.europa.eu/budget/reform/library/contributions/pgs/20080411_PGS_30_lt.pdf>.

Lithuanian government proposes establishing a multilateral cooperation framework between eastern members of the EU and Eastern partners of the ENP within the ENP framework. Corresponding financial instruments should be attached to such framework. Development cooperation should be oriented towards flexibility and enduring aid, aimed at good governance and institutional capacity building in the partner states. More attention should be given to Central Asia within this framework (after the 2004-2007 enlargement round this region became economically, geographically and politically closer to EU). Central Asian energy resources are also of particular importance to diversification of the EU's energy supply.⁶⁰

Home affairs as a priority: As Lithuania is an EU border land, it is of high importance that questions of migration and border protection financing are solved at the EU level and following the principle of financial solidarity. A common external border-protection infrastructure is needed to ensure control of movement of both persons and goods. Having in mind that the simplified scheme of transit of persons within the EU has been functioning well (Kaliningrad transit) it is of high importance that this scheme retains its EU financing. Lithuania supports increased cooperation on the fight against organised crime and terrorism. Lithuania submitted a key proposal for increased cooperation of the states of the Baltic Sea region in order to create proper conditions for further economic and social development of the region (in terms of environment, as it is one of most contaminated marine zones in the world, as well as in terms of competitive abilities of the macro-region).⁶¹

Financing the EU budget: The own-resources system should be improved by abolishing the VAT own-resource. The system should be based on common national revenue. Lithuania will seek to make financing of EU budget respect the principle that the less developed states provide a smaller contribution than more developed ones. This own-resources system would be transparent and clear to all EU citizens. Lithuania objects to the existence of correction mechanisms as well as to the introduction of new EU taxes.⁶²

2.3. Position towards Common Market Organisation for Fisheries

Definition: Policy Taker

Outlook: Policy Taker

Lithuania's Strategy for Agricultural and Countryside Development for the period up to 2015 provides that the overall developments of Lithuania's fishery sector should principally be based on the implementation of the provisions of EU Common Fishery Policy. The mission of the government is thus creation of a favourable legal, economic and institutional environment to successfully implement this policy.⁶³ Exports of fishery production amount to 14.5% of overall Lithuanian exports (data of 2004). According to information provided by Statistics Lithuania,⁶⁴ the Lithuanian fishery sector employed approximately 9000 employees (0.62% of the active labour force in Lithuania) in 2006. Thus it can be considered as a highly productive sector of economy. The largest majority of all fishery industry is situated near the Baltic Sea port of Klaipėda (81.3% of all Lithuanian fishery industry). Since joining the EU in 2004, Lithuania has participated in the creation and implementation of the Common Fishery Policy together with other EU Member states. With respect to financial instruments provided by this policy, a network of fish processing enterprises that comply with the European standards has been developed, and exports have been growing recently.⁶⁵ It can be stated that Lithuanian fishery sector, although rather small, holds a relatively high competitive potential because of its high quality products. Nevertheless, it has been registered that

⁶⁰ Lithuanian government's official position on EU budget review, 2008 03 31
<http://ec.europa.eu/budget/reform/library/contributions/pgs/20080411_PGS_30_lt.pdf>.

⁶¹ Lithuanian governments official position on EU budget review, 2008 03 31
<http://ec.europa.eu/budget/reform/library/contributions/pgs/20080411_PGS_30_lt.pdf>.

⁶² Lithuanian government's official position on EU budget review, 2008 03 31
<http://ec.europa.eu/budget/reform/library/contributions/pgs/20080411_PGS_30_lt.pdf>.

⁶³ Strategy for Agricultural and Countryside Development for the Period until 2015, 2002,
<<http://www.ukmin.lt/lt/strategija/doc/9.%20kaimo%20ir%20zemes%20ukio%20pletotes%20strategija.doc>>

⁶⁴ Department of Statistics at the Government of Republic of Lithuania,
<<http://www.stat.gov.lt/en/pages/view/?id=1354>>.

⁶⁵ National Strategic Plan for the Fishery Sector for the Period 2007-2013,
<http://www.zum.lt/min/failai/Zuvis-10_04_Nacionalinio_strateginio_plano_projektas.pdf>

the intensity of fishing in the Baltic Sea and internal waters has been declining. It is presumed that this decline in fishing in the Baltic Sea is mainly due to decreasing fish resources.

The Lithuanian position on EU fishery policies generally provides that the fishery sector should be developed in the direction of promoting higher flexibility and competitive capacities both within the internal and external markets, while development of fish resources is also considered to be of high importance. Lithuania shall promote optimal management of fish resources (via promotion of reasonable use, preservation and restoration). Bringing the decrease of fish resources in the Baltic Sea to a halt is also considered a policy priority.⁶⁶ As this economic sector is rather small, Lithuania remains a Policy Taker in this field and does not raise specific propositions at the EU level. Supplement:

Budget Review and CAP Health Check

Main policy objectives in the sector rural and agricultural development as defined in the Rural and Agriculture Development Strategy for the Period until 2015

1st Objective: Promotion of restructuring and modernisation of the agricultural sector and improvement of the production infrastructure. Propositions and goals itemising the first strategic objective:

Promotion of restructuring and modernisation	Improvement of production infrastructure
Promotion of consistent economic and social agricultural and countryside development	Development of road and other infrastructure
Ensuring the development of modern, competitive agriculture and the cooperation of small agricultural enterprises	Creation of proper conditions (legal, financial and organisational) for the creation of a properly functioning stock and production transportation and realisation system
Investment promotion	To consistently shape the food production sector as a unified system "from field to table", making sure that production is consumer and quality oriented (both for local and export consumption)
Promotion of new technology utilisation	
Promotion of enterprise and adaptive capabilities under rapidly changing market conditions	

2nd Objective: Development of financial infrastructure and a system of research, consultation and education. Propositions and goals itemising the second strategic objective:

Development of financial infrastructure and cooperation	Development of a system of research, consultation and education
Development of an "agriculture-friendly" system of credits and loans	Creation and development of a common agricultural development system that encompasses research, studies, professional education and consultations
Development of an insurance system for RE, crops, livestock and transportation means	Promotion of research directed towards development of competitive agriculture
Promotion of countryside community activities and enhancement of their cooperation with business and municipality partners	
Creation of efficient land and soil markets	

3rd Objective: Rational use of territory (countryside development and forestry, fishery). Propositions and goals itemising the third strategic objective:

- Implementation of legal, economic, organisational and administrative means in order to ensure preservation of good cultural-technical quality and productivity of soils
- In order to promote rational use of land, economic, social and environmental development of the countryside, higher employment rates

⁶⁶ The Strategic Guidelines of Lithuanian EU Policy for the Period 2008-2013, <http://www.lrv.lt/ES_parama/09.01%20ES%20politika_dokumentas.pdf>

and revenue from complementary (non-traditional) agricultural activities shall be promoted, as well as the tourism industry and other services

- Change of land-use purpose is foreseen in areas where traditional agricultural activities are unproductive: these territories shall be used for forestry and recreation
- Development of ecological farming and preservation of environmental resources, use of derelict soil for energy-producing crop farming and forestry
- To seek a stable and long-term balance between fishery capabilities and fishing resources

V. EU foreign policy and enlargement

1. Overview
2. General issues:
 - 2.1. Preference of countries for accession and any specific points or concerns relating to it (including bilateral disputes and how they might translate into EU-level policy and decision making)
 - 2.2. Preference for any particular country in the framework of ENP
 - 2.3. Enhanced ESDP, increasing Europe's defence capabilities etc.
 - 2.4. Position towards Kosovo, e.g. status and EU mission in Kosovo
 - 2.5. Transatlantic relations
3. Specific issues:
 - 3.1. Completion of accession negotiations with Croatia
 - 3.2. Opening of accession negotiations with Macedonia
 - 3.3. Signing of SAA with Serbia
 - 3.4. Blockage of accession talks with Turkey, possibility of unblocking it
 - 3.5. Polish–Swedish initiative for ENP Eastern Partnership
 - 3.6. Strategy for the Black Sea Region/Black Sea Synergy Implementation assessment
 - 3.7. Strategy for the Baltic Sea Region
 - 3.8. Revision of European Security Strategy

1. Overview

The Main Lithuanian objectives within the EU foreign policy framework are related to promoting an active EU role in democratisation and stabilisation in the adjacent neighbourhood:

- Lithuania should become one of the regional centres (within the eastern part of EU, including the Baltic states) organising and voicing common interests in the adjacent neighbourhood;
- Strong promotion of European Neighbourhood Policy (keeping a considerable balance among Eastern and southern dimensions and their development, giving priority to Eastern partners);
- Supporting an "open door" policy towards states that express willingness to join the EU (in accordance with the Copenhagen criteria).⁶⁷

The Lithuanian perspective proposes that European neighbours should be provided with a European perspective when seeking EU membership and have demonstrated their deliberation and commitment to implement structural reform and fulfil the Copenhagen criteria. Such countries must comply with the political and economic criteria and criteria of EU *acquis* implementation, just as countries of previous enlargement rounds, but no additional criteria should be imposed as this would create unacceptably unequal conditions.⁶⁸ Generally, this means that Lithuania is not supportive of various "second class" or "limited membership" models. In addition to that, from the Lithuanian perspective, EU enlargement policy and the prospect of European integration is one of the most powerful political instruments EU has at hand in order to promote the expansion of the area of security and stability. The enforcement of the Eastern Dimension of the European Neighbourhood Policy is another clear priority on Lithuania's foreign policy agenda. Until Ukraine, Moldova and countries of the South Caucasus are provided with a clear EU membership prospect, Lithuania will promote sectoral integration of these countries with the EU (via free trade agreements, liberalisation of visa regimes, etc.). It is within the Lithuanian interest to introduce corresponding changes into the isolationist policy towards Belarus currently exercised by the EU, and to enhance the levels of EU involvement in solving the separatist conflicts in Transdnistria, Abkhazia and South Ossetia. EU-Russia relations should be based on the principle of reciprocity; accordingly, Russian participation in the EU's internal market ought to be accompanied by consistent processes of Russian market liberalisation and decentralisation.⁶⁹

⁶⁷ Resolution of Lithuanian Parliament concerning Lithuanian Foreign Policy Guidelines, 1 May 2004 <http://www.urm.lt/popup2.php?nr=1&item_id=156&m_e_id=4&menu_i_id=61>

⁶⁸ Lithuania, Principles of EU enlargement, Ministry of Foreign Affairs of Republic of Lithuania, <<http://www.urm.lt/index.php?1201073783>>

⁶⁹ Centre of Eastern Geopolitical Studies, "The New EU-Russia Strategic Agreement: The Lithuanian Perspective", Vilnius, 2008, <http://www.rytugeopolitika.lt/multisites/rytugeopolitika/images/stories/rgsc_studija.pdf> p.30.

The main actor in the formulation of Lithuanian positions on these questions is the Ministry of Foreign Affairs of Lithuania. There is a clear political consensus on these issues (expressed in periodically renewed common declarations of all parliamentary parties on Lithuania's foreign policy priorities), thus even with the recent change in political leadership, the general political track is likely to remain the same (the new government elected on 12 October 2008 is likely to be especially active in the implementation of these goals, given that they are traditionally promoted by the leading party of the coalition – the conservatives). The public and political consensus on the EU's external relations priority issues is rather stable. These priorities were elaborated as a further overall Lithuanian "mission" within EU and NATO after membership objectives for these organisations had been achieved, and they are considerably consolidated.

Table of national positions

*please, refer to the methodology disclaimer in the supplements

Issue	Definition and Outlook	National Consensus	EU mainstream
1. Top three priorities	Policy Taker; to Potential Policy Driver (continuous enlargement and Eastern cooperation as a priority)	General Consensus, position not likely to change substantially	Conditionally within the mainstream
2.1. General issues: Preference of countries for accession and any specific points or concerns relating to it (including bilateral disputes and how they might translate into EU-level policy and decision-making)	Policy Taker; to Potential Policy Driver in new eastern enlargement	General Consensus, position not likely to change substantially	Conditionally within the mainstream
2.2. Preference for any particular country in the framework of ENP	Policy Taker; to Potential Policy Driver in strengthening Eastern dimension of ENP and treating it as preparation for enlargement	General Consensus, position not likely to change substantially	Conditionally within the mainstream
2.3. Enhanced ESDP, increasing Europe's defence capabilities, etc.	Policy Taker; to Potential Policy Driver in strengthening civilian dimension so as not to duplicate NATO functionally	General Consensus, position not likely to change substantially	Within the mainstream
2.4. Position towards Kosovo, e.g. status and EU mission in Kosovo	Policy Taker; likely to remain Policy Taker	General Consensus, position not likely to change substantially	Within the mainstream
2.5. Transatlantic relations	Policy Taker; to Potential Policy Driver	General Consensus, position not likely to change substantially	Within the mainstream
3.1. Specific issues: Completion of accession negotiations with Croatia	Policy Taker; to Potential Policy Driver for entry into force of Lisbon Treaty being unnecessary for further enlargement	General Consensus, position not likely to change substantially	Conditionally within the mainstream
3.2. Opening of accession negotiations with Macedonia	Policy Taker; likely to remain Policy Taker	General Consensus, position not likely to change substantially	Within the mainstream
3.3. Signing of SAA with Serbia	Policy Taker; to Potential Policy Driver as Lithuania is reluctant to create additional "safety clauses" for enlargement	General Consensus, position not likely to change substantially	Within the mainstream
3.4. Blockage of accession talks with Turkey, possibility of unblocking it	Policy Taker; likely to remain Policy Taker	General Consensus, position not likely to change substantially	Within the mainstream
3.5. Polish – Swedish initiative for ENP Eastern Partnership	Policy Taker; to Potential Policy Driver in strengthening Eastern dimension of ENP and treating it as preparation for enlargement	General Consensus, position not likely to change substantially	Conditionally within the mainstream
3.6. Strategy for the Black	Policy Taker; likely to	General Consensus,	Within the

Sea Region/Black Sea Synergy Implementation assessment	remain Policy Taker	position not likely to change substantially	mainstream
3.7. Strategy for the Baltic Sea Region (defined as a priority for the Swedish Presidency – second half 2009)	Policy Taker; likely to remain Policy Taker	General Consensus, position not likely to change substantially	Within the mainstream
3.8. Revision of European Security Strategy	Policy Taker; to Potential Policy Driver in including a critical assessment of Russian political dynamics, treating energy security as a security threat and strengthening the transatlantic bond	General Consensus, position not likely to change substantially	Conditionally within the mainstream

2.1. General issues: Preference of countries for accession and any specific points or concerns relating to it (including bilateral disputes and how they might translate into EU-level policy and decision-making)

Definition: Policy Taker

Outlook: Policy Driver in new eastern enlargement

The strategic objective of Lithuania's foreign policy aims at the eastward expansion of the security and stability area, that is, to the post-soviet CIS (Commonwealth of Independent States) area. Lithuania considers that the best instrument for implementation of this objective is the EU enlargement policy. This provides that Lithuania is particularly supportive towards initiatives that provide a clear EU membership prospect to current Eastern partners of EU ENP: Ukraine, Moldova and countries of South Caucasus. Lithuania considers these countries to be most important in the context of EU enlargement. Overall, Lithuania is a strong supporter of European enlargement policy (with respect to both the Western Balkans and Turkey) as it is only after the europeanisation of these countries that the above-mentioned countries of Lithuanian geopolitical interest will make their way onto the EU enlargement agenda. If the enlargement progress becomes embroiled in blockades and controversies, Lithuania's possibility to involve the post-Soviet countries into this process could diminish.⁷⁰ On the other hand, Lithuania supports the proposition that each candidate or potential candidate country should be treated individually.⁷¹ Thus a country that has shown higher levels of commitment and better compliance results should not be held behind because of possibly slower dynamics of EU relations with the rest of the region. Lithuania does not have any historical, political or territorial disputes with any of the current countries in membership negotiation (Croatia, Turkey), candidate countries (Macedonia), or with potential candidate countries (Serbia, Albania, and Montenegro). The same counts for countries of the ENP, i.e. countries that Lithuanian considers as further potential candidate countries for the EU enlargement policy.

2.2. Preference for any particular country in the framework of ENP

Definition: Policy Taker

Outlook: Policy Driver in strengthening Eastern dimension of ENP and treating it as preparation for enlargement

Considering the ENP framework, it is within the Lithuanian interest that (a) the same political and economic mechanisms of cooperation and economic levers would be exercised in both the eastern and southern dimensions of the ENP in the short run - however, Lithuania seeks to give priority to the eastern dimension in the medium term; (b) the ENP mechanisms would encompass as many as possible of the mechanisms that now belong to enlargement policy (Lithuania seeks a gradual transformation of the ENP into enlargement policy, or at least a clear indication that the two policies are interconnected, not strictly separate); (c) the differentiation of countries within the ENP eastern dimension (according to progress achieved) should be counterbalanced with an

⁷⁰ Interview with Nerijus Aleksiejūnas, Acting Head of European Union Enlargement Division, European Union Department, Ministry of Foreign Affairs of the Republic of Lithuania

⁷¹ Lithuania, Principles of EU enlargement, Ministry of Foreign Affairs of the Republic of Lithuania, <<http://www.urm.lt/index.php?1201073783>>

effective framework of regional cooperation among these countries.⁷² Ukraine has achieved the best rates of progress among these countries and is currently in the process of negotiating a new agreement of enhanced cooperation with the EU. It is within the interests of Lithuania that the EU provide Ukraine with the best alternative to enlargement that can currently be elaborated. Lithuania considers that this "best alternative" should be understood as the deepest possible model of cooperation without offering formal membership, and strongly supports the transplantation of such a model into EU-Ukraine relations (EFTA model).⁷³

Another priority country within the ENP framework is Belarus. The Lithuanian position proposes that the isolation policy that EU currently employs in its relations to Belarus is largely inefficient, because it does not promote democratic processes in this country, and because the EU provides no clear alternatives, it largely pushes Belarus into the geopolitical domain of Russia. Thus Lithuania seeks to implement a "selective cooperation" concept in relation to Belarus and *de facto* return of Belarus to the ENP eastern dimension framework.

2.3. Enhanced ESDP, increasing Europe's defence capabilities etc.

Definition: Policy Taker

Outlook: Potential Policy Driver in

strengthening civilian dimension so as not to duplicate NATO functionally

It is within the Lithuanian interest that the EU's military capabilities are enhanced in close cooperation with NATO and without functional duplication among both organisations.⁷⁴ To put it in other words, Lithuania is a strong promoter of the "indivisible security" concept. Thus Lithuania develops a single common policy towards both ESDP and NATO. NATO generally dominates Lithuanian security discourse as it is considered to be the main security and defence priority of Lithuania. This is evident in all of the main security and defence policy documents: the National Security Strategy of Lithuania, the Lithuanian Military Strategy, the Agreement of Lithuanian political parties on defence policy issues during the period 2005-2008 in order to ensure Lithuanian security. ESDP is generally seen in the context of NATO in Lithuania. M. Abukevičius (the Head of the Policy Formation Division in the Euro-Atlantic Cooperation Department of the Ministry of Defence) asserts that the following general motives behind Lithuanian participation in ESDP can be distinguished:

Firstly, it is intended to make use of all opportunities provided by EU integration. Lithuanian foreign policy objectives in the field of security and defence are among potential policy gains from security integration. ESDP could become an efficient means of ensuring these interests if ESDP and CFSP policy instruments are integrated efficiently and a fully operational EU system of crisis management is created. This would turn ESDP into an appropriate instrument for solving the "frozen" conflicts in the post-Soviet area.

Secondly, it is important to participate in the decision making of ESDP. It is of high importance to develop the civilian dimension of ESDP as this would create value added for ESDP in relation to NATO and, simultaneously, to retain the "soft power" potential of ESDP in the eastern dimension of ENP. Thus, Lithuania prioritises civilian operations. Emphasis is put on civilian operations because these capabilities could be efficiently employed in the solution of "frozen" regional conflicts in the post-Soviet area. Besides, taking into consideration the fact that NATO does not have an integrated arsenal of civilian instruments at its disposal, civilian operations bring the most appropriate value added in relation to NATO. Another aspect of the Lithuanian vision of the NATO-ESDP relation that should be particularly emphasised is that when looking for points of

⁷² Centre for Strategic Studies, "Guidelines of Lithuanian European Policy for the mid- and long-term perspective", Scientific Study, <[http://www.ssc-lietuva.lt/picture/upload/ssc_leps_santrauka_20061119\(1\).pdf](http://www.ssc-lietuva.lt/picture/upload/ssc_leps_santrauka_20061119(1).pdf)>

⁷³ Interview with Nerijus Aleksiejūnas, Acting Head of European Union Enlargement Division, European Union Department, Ministry of Foreign Affairs of the Republic of Lithuania

⁷⁴ *National Security Strategy, 2002*, <www.kam.lt/EasyAdmin/sys/files/Nacionalinio_saugumo_strategija_06_05.doc>

common action among NATO and ESDP, a proper “division of labour” among ESDP and NATO should be elaborated.⁷⁵

2.4. Position towards Kosovo, e.g. status and EU mission in Kosovo

Definition: Policy Taker

Lithuania has officially recognised Kosovo’s independence. As well as most of the larger EU Member States, Lithuania proposes that the Kosovo case is unique, thus it cannot and should not be used as precedent for the solution of other “frozen” conflicts.⁷⁶ From the Lithuanian perspective, ensuring stability in the Western Balkans requires a complex, in-depth approach and complex modes of action, as well as the cooperation of international actors such as the UN, NATO and the EU. In the opinion of M. Abukevičius, efficient cooperation of the UN, NATO and the EU in building and supporting the independent and sovereign state of Kosovo according to the principles established by M. Ahtisaari are of the highest importance in the short run, as is the international prestige of the EU mission. Domestic instabilities in Kosovo are of little political consideration in Lithuania as Balkan countries are overall out of scope of Lithuania’s closest strategic interests. Thus Lithuanian government is a Policy Taker on Kosovo questions.

2.5. Transatlantic relations

Definition: Policy Taker

Outlook: Potential Policy Driver

One of the fundamental propositions of Lithuania’s National Security Strategy is the strengthening of transatlantic cooperation. Lithuania wants NATO to remain a viable and strong organisation for collective security, based primarily on the guarantees of Article 5 of the North Atlantic Treaty and efficient cooperation of member states in order to ensure security of the North Atlantic region.⁷⁷ Success of NATO as the most important security and stability guarantor in the Euro-Atlantic area depends first of all on close North American and EU cooperation. Lithuania supports further development of the security dialogue between EU and NATO in the field of security and defence.⁷⁸ It is obvious that Lithuania thus seeks to avoid the “twofold loyalty” dilemma. Thus, an intergovernmental ESDP fits Lithuanian interests best. Only under conditions of intergovernmental decision making in the ESDP (that is, decision making at the national rather than supranational level) can Lithuania continue elaborating points of common action among NATO and ESDP. The optimal ESDP development scenario then remains the “single pace” ESDP-scenario so that ESDP does not turn into a solely Eurocentric project. According to M. Abukevičius (the Head of the Policy Formation Division in the Euro-Atlantic Cooperation Department of the Ministry of Defence), the EU should develop its military capacities according to the principle of undivided forces (that could be used for NATO, EU and national needs). The creation and boost of real military capacity by taking decisions at national rather than organisational level should be an ESDP priority. Military capacities should belong to national states first of all in order to be flexibly used both for NATO and EU purposes, having in mind that according to the Berlin Plus agreement, the EU has the right and possibility to use NATO military assets.⁷⁹

It is commonly believed in Lithuania that outside of NATO Lithuania and US have shared a particularly close bilateral relationship since the very beginning of Lithuanian aspirations to independence (during the last decades of the previous century). This was particularly evident during the G. W. Bush administration, taking into consideration the number of bilateral meetings of Lithuanian and US high-level officials. The Lithuanian government and the Bush administration have both shared a common particularly strict approach towards Russia (leaning on the containment, rather than on the involvement,

⁷⁵ Interview with Margiris Abukevičius, Head of the Policy Formation Division, Euro-Atlantic Cooperation Department, Lithuanian Ministry of Defence.

⁷⁶ The proposal of the Minister of Foreign Affairs of the Republic of Lithuania to the Lithuanian Parliament concerning recognition of Kosovo independence, <<http://www.urm.lt/index.php?2025776674>>

⁷⁷ Resolution of the Lithuanian Parliament concerning Lithuanian foreign policy guidelines, 1 May 2004 <http://www.urm.lt/popup2.php?nr=1&item_id=156&m_e_id=4&menu_i_id=61>

⁷⁸ National Security Strategy, 2002,

<www.kam.lt/EasyAdmin/sys/files/Nacionalinio_saugumo_strategija_06_05.doc>

⁷⁹ Interview with Margiris Abukevičius, Head of Policy formation division Euro-Atlantic cooperation department Ministry of Defence.

of Russia). Lithuania and Poland have become working platforms for US NGOs working on democratisation in Belarus, Ukraine, Moldova and South Caucasus countries (this is also in line with Lithuanian foreign policy goals). Analysts and politicians note that the number of bilateral US-Lithuanian consultations may decrease with the new administration of Barack Obama (as the Bush administration activism in Lithuania may have been preconditioned by the relative isolation of G. W. Bush within the wider international context). Nevertheless, this is not expected to harm Lithuanian interests in any way. On the contrary, EU-US ties are expected to deepen and the US international prestige to rise. A more involving approach towards Russia is expected and it is expected to be more fruitful than containment as US prestige is revived. Thus the overall attitude towards the Obama administration in Lithuania is rather positive.⁸⁰

3.1. Specific issues: Completion of accession negotiations with Croatia

Definition: Policy Taker

Outlook: Potential Policy Driver for entry into force of Lisbon Treaty being unnecessary for further enlargement

Lithuania supports Croatia's EU membership. Lithuania expects accession negotiations to be finalised at the end of 2009 so that Croatia can become a full-fledged EU member by 2011. Lithuania does not link Croatian EU accession to final ratification and coming into effect of the Lisbon Treaty, as provisions of the Nice Treaty and institutional amendments would be sufficient to encompass Croatian membership.⁸¹

3.2. Opening of accession negotiations with Macedonia

Definition: Policy Taker

Outlook: Policy Taker

Lithuania supports Macedonia's EU membership. From the Lithuanian perspective, additional membership requirements for Macedonia should not be raised,⁸² as adding supplementary safety-clauses to the Copenhagen Criteria might complicate further EU enlargements. This would not suit Lithuanian interests as Lithuania seeks to transfer the model of EU relations with the Western Balkans into the eastern dimension of ENP. On the other hand, Lithuania does not challenge the accession condition of maintaining good neighbourly relations, thus bilateral issues between Greece and Macedonia remain to be solved before Macedonian membership.

3.3. Signing of SAA with Serbia

Definition: Policy Taker

Outlook: Potential Policy Driver as Lithuania is reluctant to create additional "safety clauses" for enlargement

Lithuania supports the start of ratification of SAA with Serbia under the condition that Serbia continues cooperation with the Hague Tribunal. However, in the opinion of the Lithuanian government, the entry into force of the interim agreement with Serbia concerning economic cooperation with the EU should not be suspended.⁸³ This position also reflects the general reluctance of Lithuania to introduce any additional safety clauses, requirements and overall modifications of the enlargement process, as they potentially imply an overall slow-down and complication of EU enlargement.

3.4. Blockage of accession talks with Turkey, possibility of unblocking it

Definition: Policy Taker

Outlook: Policy Taker

Lithuania considers Turkey EU accession talks to be an open-ended process. Lithuania supports Turkish membership in the EU as far as Turkey is capable to comply with the

⁸⁰ "Victory of Barack Obama: does it mean a loss to Lithuania?" K. Girnius, 2008 11 20, <<http://www.tspmi.vu.lt/lt/info/nuomones?id=419>>.

⁸¹ Interview with Nerijus Aleksiejūnas, Acting Head of European Union Enlargement Division, European Union Department, Ministry of Foreign Affairs

⁸² Interview with Nerijus Aleksiejūnas, Acting Head of European Union Enlargement Division, European Union Department, Ministry of Foreign Affairs

⁸³ Interview with Nerijus Aleksiejūnas, Acting Head of European Union Enlargement Division, European Union Department, Ministry of Foreign Affairs

universal EU membership criteria.⁸⁴ The same logic applies to the negotiation questions that have been blocked. Until the negotiations are resumed, models of integration without formal membership should remain in effect. Turkish membership in the EU (Turkey being extensively larger and having a larger population than any other candidate or potential candidate state) should however be linked to the entry into force of the Lisbon Treaty. The related questions of EU absorption capacity and institutional efficiency would then become questions of primary importance. Another aspect of Turkish EU membership is that the Lithuanian government tends to see Turkish EU accession as a separate and specific aspect of EU enlargement, thus even prolonged accession talks with Turkey should not keep other enlargement rounds from taking place (taking in consideration the potential next round that might include Ukraine after the accession of the Western Balkan states is finalised).

3.5. Polish – Swedish initiative for ENP Eastern Partnership

Definition: Policy Taker

Outlook: Policy Driver in strengthening the Eastern dimension of ENP and treating it as preparation for enlargement

Lithuania is strongly supportive of EU initiatives that envisage further engagement of the eastern ENP partners in cooperation activities with the EU. However, in the opinion of the Lithuanian government, a step further should be taken not only in enforcing the regional dimension on the ENP but also in granting the Eastern ENP partners a clear European prospect. Nevertheless, Lithuania supports the Swedish-Polish Eastern Partnership Initiative. Additional emphasis on the ENP's eastern dimension is highly appreciated for several reasons: *firstly*, a clear distinction between "European neighbours" (in the east) and "neighbours of Europe" (in the south) would constitute a first step towards potential granting of an EU membership perspective to the eastern partners. *Secondly*, the introduction of a regional dimension has additional value by itself. The EPI regional dimension provides eastern ENP partners with an opportunity to engage with the EU, following the example of the Western Balkans. *Thirdly*, ENP is often considered as a continuous, open-ended process of engagement with the EU. On the other hand, EPI is considered as an interim way-station both for the EU Member States (as a preparation for another potential enlargement round) and the eastern partners (to foster their accommodation with the EU *acquis*).⁸⁵

3.6. Strategy for the Black Sea Region - Black Sea Synergy Implementation Assessment

Definition: Policy Taker

Outlook: Policy Taker

Lithuania holds a reserved approach towards the Black Sea regional cooperation strategy. On the one hand, introduction of a regional dimension should supplement bilateral EU relations with the ENP eastern partners (embodied in the bilateral ENP Action Plans). Thus, the regional framework is supposed to increase the efficiency of solving the Black Sea region's security problems that require a multilateral approach: energy security, for example; construction of transport corridors; migration-related problems; etc. On the other hand, the Black Sea initiative encompasses not only the eastern partners of the ENP but also Turkey and Russia (that have quite different frameworks of cooperation with the EU) and thus increases the inconsistency of the whole ENP framework. In the Lithuanian perspective, strengthening of the eastern dimension of the ENP should be pursued by implementing more efficient instruments under the ENP framework and further development of the latter, rather than via creation of new frameworks.⁸⁶ Lithuania supports the development of the ENP via deepening the content of engagement between EU and ENP partners and among the ENP partners mutually (for example, in solving regional conflicts, mutual market liberalisation, etc.), rather than via extensive multiplication of overlapping cooperation frameworks.

⁸⁴ Interview with Nerijus Aleksiejūnas, Acting Head of European Union Enlargement Division, European Union Department, Ministry of Foreign Affairs

⁸⁵ Center of Eastern geopolitical studies, *Eastern Pulse*, a fortnightly analytical and informational bulletin on political, economic and social processes in the CIS, No.8(8), 2008. <http://www.rytugeopolitika.lt/multisites/rytugeopolitika/images/stories/rytu_pulsas18.pdf>

⁸⁶ Center for Strategic Studies, Analytical overview of international processes, <http://www.ssc-lietuva.lt/picture/upload/ssc_tpa_nr2__12_.pdf>

3.7. Strategy for the Baltic Sea Region (defined as a priority for the Swedish Presidency – second half 2009)

Definition: Policy Taker

The Lithuanian government is positive overall, but not enthusiastic, about the new Swedish vision of the Baltic Sea region. Lithuania is supportive of the overall vision of further EU development as suggested by Sweden: Europe of competitive and competing macro-regions with the Baltic Sea region among the leading macro-regions producing and providing best-practice examples of dynamic cooperation and development for the rest of the EU. However, this strategy is oriented towards the solution of cross-border issues and of "soft security" - thus, it does not encompass the main problems that dominate the Lithuanian political agenda. The Lithuanian government is sceptical about efficient engagement of Russian regions as it requires lower- and mid-level policy making. The possibility to engage with the northern regions of Russia is highly restricted by the centralisation of Russian governance and limited capabilities of the regional administration to produce and conduct policies autonomously.

3.8. Revision of the European Security Strategy

Definition: Policy Taker

Outlook: Potential Policy Driver in including a critical assessment of Russian political dynamics, treating energy security as a security threat and strengthening the transatlantic bond

The European Security Strategy of 2003 (ESS) defines Russia as a potential partner in the creation of secure and stable neighbourhood. According to Margiris Abukevičius (Head of the Policy Formation Division at the Euro-Atlantic Cooperation Department of the Ministry of Defence), the Lithuanian ESS implementation assessment will seek among other things to reflect the failure of such expectations. "Russian actions in Georgia, the destructive Russian stance towards Kosovo independence among other issues should induce an overall revision of EU-Russia relations".⁸⁷ Lithuania suggests the list of five international threats (terrorism, WMD, regional conflicts, failed states, organised crime) be complemented with energy security. M. Abukevičius emphasised that single-supplier dependency poses more of a challenge nowadays than it was assumed in 2003. Lithuania stresses the importance of a common EU energy policy that ought to ensure safety and stability of supply. Another important aspect is that although effective multilateralism and cooperation with external partners have been listed among the fundamental principles of ESS, and a strong Euro-Atlantic bond was considered a fundamental element of European security system, the practical EU-NATO cooperation was largely insufficient and ineffective. Another point that will be emphasised in the ESS implementation assessment that is currently being elaborated is that, although ESS stressed the importance of conflict and threat prevention, the EU failed to generate a clear plan on how and when such conflict and threat prevention should be implemented. The practical mechanisms of "preventive engagement" were never defined, although they could have facilitated a stronger EU action in conflict prevention (in the case of "frozen" conflicts, for example). "Taking into consideration the limited resources dedicated to CFSP and ESDP, the promotion of safe and stable statehood in the EU neighbourhood should become a crucial priority of EU."⁸⁸

⁸⁷ Interview with Margiris Abukevičius, Head of Policy Formation Division, Euro-Atlantic Cooperation Department, Ministry of Defence.

⁸⁸ Interview with Margiris Abukevičius, Head of Policy Formation Division, Euro-Atlantic Cooperation Department, Ministry of Defence.

VI. Freedom, Security and Justice

1. Overview
2. General issues:
 - 2.1. Common European asylum system
 - 2.2. Common European migration policy
 - 2.3. Enhanced role in co-operation of law enforcement agencies and their co-operation at EU level
 - 2.4. Harmonisation of serious aspects of cross-border crimes
3. Specific issues:
 - 3.1. Establishment of Eurosur (European border surveillance system)
 - 3.2. Establishment of entry-exit system and other border management tools
 - 3.3. Amendments of asylum-related regulations (2003/9/EC – reception conditions for asylum seekers, regulation 343/2003 on the determination of Member States responsible for assessing asylum applications)
 - 3.4. Evaluation of FRONTEX and the future developments in this area

1. Overview

The Strategic Guidelines of Lithuanian EU Policy for the period of 2008-2013⁸⁹ stipulate that the overall interests of Lithuania in the field of Freedom, Security and Justice area are the following:

- To support the creation of a common area of freedom, security and justice as well as to ensure suitable and efficient control and management of migration and external borders.
- To support EU integration in the field of justice as far as it concerns the interests of EU citizens simultaneously trying to preserve different traditions of law in EU Member States.
- To seek recognition of crimes committed against Lithuanian citizens during the Stalin period. To seek an increased EU role in strengthening freedom, security and justice in the eastern neighbourhood.

Lithuania strongly supports further implementation of the Hague Program and will seek the creation of a new perennial plan in the sector of Justice and Home Affairs. Taking into consideration the importance for EU integration of unrestricted movement of persons, Lithuania will seek an uninterrupted succession of the new generation of Schengen information system (SIS II).

It is within the Lithuanian interest that the Visa Informational System project is implemented in a timely manner. Lithuania supports the creation of an overall EU migration policy in which equal attention is paid to the fight against illegal migration, proper administration of legal migration and ease of movement for residents of border areas. Lithuania proposes linking migration, competition, trade, social security, education and development policies as well as strengthening the ENP. Lithuania shall be active in projects involving the eastern neighbours of the EU. Lithuania will seek a simplification of the visa regime towards the eastern ENP partner states (Georgia first of all). Lithuania will also pursue a specific solution of the Kaliningrad and Belarus questions as well as application of reciprocity in relation to third countries (**beforehand**, the USA visa regime towards Lithuanian citizens).

Lithuania proposes that during the formulation of a common EU migration policy, specific economic conditions, demographic situations and labour markets in particular Member States are taken into consideration. Lithuania supports implementation of initiatives helpful to the integration of immigrants at the EU level.

Lithuania supports the creation of a common EU asylum system via creation of a common asylum procedure. Lithuania shall seek to ensure that these amendments do not create additional asylum commitments to the Member States.

As Lithuania controls a large segment of the EU external land border, it is within the Lithuanian interests that an integrated external border management system that utilises the latest technologies is developed. Lithuania holds firm on the application of the

⁸⁹The Strategic Guidelines of Lithuanian EU Policy for the period of 2008-2013, Government Office of Republic of Lithuania, <<http://www.euro.lt/documents/Strategines%20kryptys%202008%20-2013%20m.doc>>.

solidarity clause in the implementation of EU external border security, and opposes initiatives of securing financial support to the most vulnerable regions solely.

Lithuania will seek to ensure that activation of FRONTEX and further development of border protection does not interfere with the competences of national states. Lithuania shall also seek simplification of the procedure for crossing external EU borders.

Lithuania will actively contribute to the preservation of human rights and security in conflict regions via participation in EU police missions and intensified cooperation with Europol.

Lithuania proposes that the evaluation of crimes committed by totalitarian regimes at the EU level becomes a continued process. Lithuania holds firm that Nazi and Stalinist crimes should be treated as equal. The reaction of the EU towards such initiatives has been rather reluctant so far. The problem lies in the fact that neither Putin's, nor Medvedev's administrations in Russia have officially condemned Stalinist crimes. Thus, extensive unilateral condemnation by the EU might have negative impact on EU-Russia relations. The Lithuanian government has insisted on including this question on the agenda of negotiations of a new strategic EU-Russia agreement. However, it remains unclear whether this issue will not be overshadowed by others during the negotiations, as condemnation of Stalinist crimes is a rather sensitive issue.

Lithuania proposes that while taking up preventive measures against terrorism and other international felonies, a comprehensive safekeeping of human rights and high standards of data protection must be maintained. Lithuania will also take up proper internal measures towards the prevention and fight against racism and xenophobia.

Lithuania proposes cooperation of Member States on civil cases. It also emphasises the high importance of ensuring the creation of consistent, high quality EU contract law, thus ensuring consumer rights. However, EU initiatives on civil law and law of civil process should not interfere with the preservation of specificities in national law.⁹⁰

The priorities listed above overwhelmingly stem from Lithuania's geographic situation: being on an EU border, Lithuania faces the costs of border protection; another issue is related to Lithuania turning into a transit point of illegal migration and asylum seekers and facing the costs of managing the international crime. Thus Lithuania pursues an increased share of border protection responsibilities among all Member States (that is related both to border security and migration issues). Being a border land also explains Lithuanian interest in simplification of cross-border movement procedures (and visa facilitation) towards ENP partner states, and higher involvement of EU police missions in conflict regions as well as cooperation with border control agencies of EU neighbour countries: the Eastern dimension of ENP is an overall priority of Lithuanian foreign policy.

⁹⁰The Strategic Guidelines of Lithuanian EU Policy for the period of 2008-2013, Government Office of Republic of Lithuania, <<http://www.euro.lt/documents/Strategines%20kryptys%202008%20-2013%20m.doc>>.

Table of national positions

*please, refer to the methodology disclaimer in the supplements

Issue	Definition and Outlook	National Consensus	EU mainstream
1. Top three priorities	Policy Taker; to Potential Policy Driver (Lithuania seeks recognition of crimes committed during the Stalin period. To seek an increased EU role in strengthening freedom, security and justice in the eastern neighbourhood)	General Consensus, position not likely to change substantially	Conditionally within the mainstream
2. 1. General issues: Common European asylum system	Policy Taker; to Potential Policy Killer (Lithuania proposes that the French-initiated project of a European immigration and asylum pact retains its political character, not imposing legally binding norms on the EU Member States)	General Consensus, position not likely to change substantially	Within the mainstream
2. 2. Common European migration policy	Policy Taker; to Potential Policy Killer (Lithuania holds the position that legal migration should depend on demand of national labour markets and thus be regulated at the national level)	General Consensus, position not likely to change substantially	Within the mainstream
2. 3. Enhanced role in co-operation of law enforcement agencies and their co-operation at EU level	Policy Taker; likely to remain Policy Taker	General Consensus, position not likely to change substantially	Within the mainstream
2. 4. Harmonisation of serious aspects of cross-border crimes	Policy Taker; likely to remain Policy Taker	General Consensus, position not likely to change substantially	Within the mainstream
3. 1. Specific issues: Establishment of Eurosur (European border surveillance system)	Policy Taker; to Potential Policy Driver	General Consensus, position not likely to change substantially	Within the mainstream
3. 2. Establishment of entry – exit system and other border management tools	Policy Taker; to Potential Policy Driver	General Consensus, position not likely to change substantially	Within the mainstream
3. 3. Amendments of asylum – related regulations (2003/9/EC – reception conditions for asylum seekers, regulation 343/2003 on the determination of MS responsible for assessing asylum applications)	Policy Taker; to Potential Policy Killer (the reception conditions for asylum seekers can only be adjusted at the level of minimal conditions, not to an overall harmonisation of these conditions because economic conditions differ considerably among EU Member States)	General Consensus, position not likely to change substantially	Within the mainstream
3. 4. Evaluation of FRONTEX and the future developments in this area	Policy Taker; to Potential Policy Driver	General Consensus, position not likely to change substantially	Within the mainstream

2. 1. General issues: Common European Asylum System

Definition: Policy Taker

Outlook: Policy Killer

Note: Lithuania proposes that the French-initiated project of a European immigration and asylum pact retains its political character, thus not imposing legally binding norms on the EU Member States)

The Lithuanian government has approved the positions on Common European Asylum policy expressed by the European Commission concerning the issues of Common European Asylum System. This position is again related to Lithuania's geographic location: being an EU border, Lithuania faces the high costs of border protection; another issue is related to Lithuania turning into a transit point of illegal migration and asylum seekers and facing the costs of managing international crime. Lithuania proposes that higher common protection requirements be set as well as guarantees of equal rights to protection in the EU. It is important to formulate an integrated and comprehensive approach towards asylum in order to improve asylum provision in all of its stages: from the moment when persons start seeking asylum in the EU, to the moment when a long-term solution is found concerning the asylum seekers.

Thus, it is important to increase the practical cooperation between Member States in order to enforce principles of responsibility and solidarity and to elaborate a unified procedure of asylum. Lithuania supports increased adjustment of national asylum provision procedures in order to allocate the flows of asylum applications among Member States in a more reasonable manner and in accordance with the principle of solidarity. This would also decrease secondary migration of the asylum seekers within the EU. Lithuania proposes simplification of conditions for asylum seekers' movement and residence within EU Member States. This would decrease the burden of asylum responsibilities that some Member States face. On the other hand, it is within Lithuanian interests that the asylum seekers' access to national labour markets remains regulated at the national level. Besides, as for material conditions and reception conditions only minimal requirements can be set at the EU level, not full harmonisation of requirements. Clear margins should be set for the asylum seekers taking into consideration the differences of economic development and procedural possibilities of the EU Member States (potential hosting countries).

Lithuania proposes that the French-initiated project of a European Immigration and Asylum Pact retains its political character, thus not imposing legally binding norms on the EU Member States. This pact should not formulate a vision of the EU as open to all asylum seekers. The EU should not turn into an asylum destination to asylum seekers that could well apply for asylum in EU neighbouring countries (which, instead of being asylum destinations, often turn into transit countries). Lithuania strongly supports the creation of a European Support Office as prescribed by the European Immigration and Asylum Pact in order to coordinate various activities of development cooperation. On the other hand, a unified procedure of adjudication of asylum applications can only be introduced after all EU Member States have properly adjusted their regulations of asylum to the EU requirements. Also, best practices of Member States should be taken into consideration in countries that have not yet developed proper and efficient asylum procedures. Lithuania supports the initiative concerning voluntary participation in relocation programs. Lithuania opposes regulation that would make participation in these programs obligatory.⁹¹

2. 2. Common European Migration Policy

Definition: Policy Taker

Outlook: Policy Killer

Note: Lithuania holds the position that legal migration should depend on the demand of national labour markets and thus be regulated at the national level

Lithuania largely agrees with the provisions of the Commission communication on Common European Migration Policy, its principles, actions and measures. Lithuania is strongly supportive of the establishment of clear regulations and equal conditions for third-country citizens legally residing in all EU Member States. In the context of the French-initiated project of a European Immigration and Asylum Pact, Lithuania holds the position that the needs of national labour markets should be the foundation of legal

⁹¹Interview with an expert group from the Ministry of the Interior of the Republic of Lithuania.

migration. Lithuania does not agree that Member States should give the priority to selective migration within the EU. The needs of the national labour markets are very diverse, thus attempts to set particular groups of welcomed immigrants at the European level would be inefficient. Lithuania holds the position that legal migration should depend on demand of national labour markets and thus be regulated at the national level. Nevertheless, Lithuania does support the provision of the pact that sets immigration of highly qualified personnel as a priority. Lithuania does not approve of the initiative to further harmonise the procedures of immigration admission. Lithuania has certain reservations concerning the initiatives of assistance in employment and re-skilling of immigrants (except of asylum seekers and permanent residents of Lithuania). According to current national regulation, after the employment contract has been finalised and work permission is out of date, a person is obliged to leave and no support or employment services are provided to him/her by the state. Another subject of reservation is the initiatives on increased student mobility. An over-liberalisation of the regulation may well cause increased abuse of student status in order to participate in the labour market. Therefore, such regulation is unacceptable to Lithuania. Lithuania supports the proposition to strengthen cooperation with neighbouring countries on deportation of immigrants. However, such cooperation should be expanded not only to encompass neighbouring countries, but to other third countries acknowledged to be sources or transit countries of illegal migration in general. Lithuania does not agree with mutualisation of bilateral readmission treaties. Lithuania proposes that such mutualisation might cause additional legal difficulty as well as infringe on the sovereignty of national states.⁹²

2. 3. Enhanced role in co-operation of law enforcement agencies and their co-operation at EU level

Definition: Policy Taker

Outlook: Policy Taker

Lithuania admits the significance of the Prüm Convention⁹³ as it will increase the efficiency of law enforcement institutions. Lithuania shall contribute to the implementation of this convention as much as possible in order to increase the efficiency and availability of information sharing within the EU.⁹⁴

2. 4. Harmonisation of serious aspects of cross-border crimes

Definition: Policy Taker

Outlook: Policy Taker

In order to pursue the criminal prosecution of international crime Lithuania generally approves the adjustment of criminal legal base among EU Member States as far as national law traditions are taken into consideration.⁹⁵ Lithuania holds firm on a more efficient practical cooperation of the police, prosecution of common investigations, participation in solution of critical situations, a more efficient utilisation of informational systems in the fight against international organised crime, terrorism and other threats to public security. However, the proper role of national courts ought to be maintained.

3. 1. Specific issues: Establishment of Eurosur (European border surveillance system)

Definition: Policy Taker

Outlook: Policy Driver

Lithuania generally approves the provisions of the communication by the European Commission on the Establishment of Eurosur (European border surveillance system). Improvement of border surveillance systems and mechanisms as well as information exchange shall contribute to a more well-run protection of the Schengen zone and

⁹²Interview with an expert group from the Ministry of the Interior of the Republic of Lithuania.

⁹³The 25 May 2005 Prüm Convention has been signed in order to strengthen cooperation among EU Member States against the following threats: international terrorism and international crime. On 12-13 June 2007, the EU Council of Ministers decided to incorporate the Prüm Convention into EU legal basis.

⁹⁴The Strategic Guidelines of Lithuanian EU Policy for the period of 2008-2013, Government Office of the Republic of Lithuania,
<<http://www.euro.lt/documents/Strategines%20kryptys%202008%20-2013%20m.doc>>.

⁹⁵The Strategic Guidelines of Lithuanian EU Policy for the period of 2008-2013, Government Office of the Republic of Lithuania,
<<http://www.euro.lt/documents/Strategines%20kryptys%202008%20-2013%20m.doc>>.

prevent illegal migration. The protection of external EU borders must comply with the provided standards and best practice. Lithuania is especially supportive of the proposition in this document that foresees the creation of a common matrix of information exchange among national institutions, including all information from national surveillance systems, national and international systems of notification and information of intelligence units.⁹⁶

3. 2. Establishment of entry – exit system and other border management tools

Definition: Policy Taker

Outlook: Policy Driver

According to the Lithuanian government, implementation of an entry–exit system by 2012 is unrealistic (both in practical terms concerning evaluation of practice, and in terms of the change of national legal regulation required). Besides, it is suggested that an opportunity to use the entry–exit system should be provided to police and migration agencies. The system should be able to register all data of third-country citizens, independently of their travel documents, whether the travel documents are stamped, or whether visas are required. Third-country citizen movement would be easier to control if all data of cross-border movement by third-country citizens is registered. It is considered that the data from the entry–exit system should be made available to security agencies as well. After the internal EU border control is lifted and the Schengen visa is introduced, persons are free to travel within the Schengen area. Thus a third-country citizen with a Schengen visa can leave the Schengen area from another Schengen country (not the one he/she arrived to). Therefore, the responsible institutions find it difficult to retain the control on whether a third-country citizen with a Schengen visa had already left Schengen area, or not. This problem also counts for persons listed in risk categories (considered as potentially posing a threat to national security). If security agencies had access to entry–exit system data they would be able to estimate if such persons are still in the Schengen area.⁹⁷

3. 3. Amendments of asylum – related regulations (2003/9/EC – reception conditions for asylum seekers, regulation 343/2003 on the determination of MS responsible for assessing asylum applications)

Definition: Policy Taker

Outlook: Policy Killer

Note: the reception conditions for asylum seekers can only be adjusted at the level of minimal conditions, not to an overall harmonisation of these conditions because economic conditions differ considerably among EU Member States

According to the position of the Lithuanian government, the reception conditions for asylum seekers can only be adjusted at the level of minimal conditions, not to an overall harmonisation of these conditions. This is because economic conditions (such as minimum wages, minimum living standards, etc.) differ considerably among EU Member States. Harmonisation of reception conditions at the EU level might create an inappropriate situation when conditions for asylum seekers in Lithuania exceed the social welfare standards provided to Lithuanian citizens, not to mention unplanned and excessively high additional budgetary expenditure. Only gradual rapprochement towards unified reception conditions is possible, as gradual rapprochement towards common living standards among EU Member States takes place. Lithuania proposes that provisions concerning the right to employment of asylum seekers should be reconsidered (regulations claiming that unified reception conditions apply to all asylum seekers within all EU Member States). For the same reasons, Lithuania proposes that national regulation of work permission should not be harmonised further. Lithuania holds the position that this issue should be retained as a national competence.

Lithuania supports increased adjustment of national asylum provision procedures in order to allocate the flows of asylum applications among Member States in a more reasonable manner and in accordance with the principle of solidarity, as this would also decrease secondary migration within the EU. In the opinion of the Lithuanian government, regulation 343/2003 on the determination of member states responsible for assessing asylum applications should be improved. In order to achieve coherence of the Dublin system, obligatory legal measures are necessary. Thus Lithuania holds the

⁹⁶Interview with an expert group from the Ministry of the Interior of the Republic of Lithuania.

⁹⁷Interview with an expert group from the Ministry of the Interior of the Republic of Lithuania.

position that in order to create an effective common European asylum system it is vital to ensure that the Dublin provisions are equally applied and implemented in every EU Member State.⁹⁸

3. 4. Evaluation of FRONTEX and the future developments in this area

Definition: Policy Taker

Outlook: Policy Driver

Lithuania generally supports the provisions of the FRONTEX communication. FRONTEX contributes to addressing illegal migration and other cross-border crime related problems (their prevention and investigation). Thus an upgraded FRONTEX should contribute to a more efficient management of migration flows, increase the administrative capacities of border officers, etc. Bilateral cooperation with third countries based on mutual trust is also of high importance in resolving cross-border issues. Lithuania proposes to put a larger emphasis on better cooperation with Belarus. Improved FRONTEX-Belarus cooperation could significantly contribute to the management of and fight against illegal migration, since a large part of illegal immigrants bound to their destination country in the EU chooses Belarus as a transit country. The possible forms of cooperation could include information exchange on illegal migration, planning and implementation of bilateral and triangular border operations. On the other hand, Lithuania considers that the main objective of FRONTEX is first of all improvement of EU border control and this should not be connected to taking over any police functions. In the implementation of FRONTEX, the principle of EU financial solidarity should apply not only to regions of special concern, that is, the most exposed countries. Although different in size, the EU support should also be provided to all EU members controlling the EU's external borders. As unified border security standards should apply to all Member States, distinguishing specific regions or border types as requiring exceptional attention is beside the purpose and does not comply with the principle of subsidiarity.⁹⁹

⁹⁸Interview with an expert group from the Ministry of the Interior of Republic of Lithuania.

⁹⁹Interview with an expert group from the Ministry of the Interior of the Republic of Lithuania.

VII. Institutional issues

1. Overview
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1. Overview

The institutional development of the EU — including developments around the Lisbon Treaty — is seen by the Lithuanian government as the continuation of the overall EU constitutional process. Thus the principles and provisions of Lithuania's interests concerning EU's institutional architecture and balance of powers, which have been elaborated before and during the European Convention of 2002-2003, remain valid.¹⁰⁰ In the Government position of 2003¹⁰¹ on EU institutional arrangements the following propositions were raised:

- Status equality of EU Member States, democratic legitimacy and efficiency of institutions are the overall principles EU institutional architecture should rely on. The balance of powers among EU institutions ought to be retained during any processes of reform;
- The community method ought to be retained and embedded in the EU institutional architecture;
- Separate proposals of institutional reform can only be evaluated in the context of a whole framework of institutional reform.

This means that Lithuania tends to give preference to ratification of the whole treaty rather than implementation of separate elements. If the latter is chosen, it ought to be closely monitored so that the principles of democracy, balance of powers and efficiency will be maintained. Existing EU institutions should only be reformed in a manner that does not make the overall institutional arrangement more complex. The creation of new institutions does not correspond to this principle.

That said, not all of the provisions by the Lisbon Treaty (the creation of a strong and separate permanent presidency, for example) fully coincide with Lithuanian preferences. Answering the question if Lithuania, in the right circumstances would change the Lisbon Treaty provisions, it should be noted that redrafting the treaty again is by no means within the interests of Lithuania but it is unlikely that such an amendment would be raised at all. Lithuania shall continue to pursue its interests under the provisions of the Lisbon Treaty.

¹⁰⁰ Interview with Julius Pranevičius, Counsellor of the Division of Political and Institutional Cooperation Division at the European Union Department of the Lithuanian Ministry of Foreign Affairs.

¹⁰¹ Position on EU Institutional Arrangement, Government of Lithuania, 21 February 2003. *European Convention, Constitution and the Future of the EU*, Centre for European Integration Studies, Vilnius: 2004.

A strong, unanimous and citizen-aware EU is strongly within the interests of Lithuania. It is vital that EU is capable of competing in the global environment and effectively ensuring its interests and the interests of individual Member States. Lithuania is strongly supportive of initiatives to deepen European integration concerning the internal market, energy and other sectors. It is noted that the stronger the EU, the better and more successful the realisation of Lithuania's national interests.

On the other hand, improving the efficiency of decision making and implementation is a vital undertaking on the EU agenda with the following tasks:

First, it is necessary to decrease the gap between EU institutions and EU citizens. The activities of EU institutions need more transparency. Ungrounded attempts to identify problems of national and domestic policy with the overall objectives of EU development should be avoided.

Second, Lithuania supports further integration efforts and the development of strong EU institutions. Lithuania most supports the community method that reflects the double nature of the EU (being both a union of states and a union of citizens).

Third, taking into consideration that EU competences are derivative in relation to the national competences of Member States and based on mutual understanding, Lithuania proposes that principles of subsidiary and proportionality remain the overall principles governing the division of competence between EU and the Member States. It is important that national parliaments participate efficiently in the supervision of these principles.

Fourth, in order to strengthen EU solidarity it is of vital importance to decrease the role of various cleavages within the EU (based on geography, timing of membership in the EU and other grounds) in the decision making of the EU.

Fifth, in order to ensure effective implementation of EU policies and effective functioning of the EU internal market, all EU Member States ought to comply with their commitments to the EU. It is important to ensure a better quality of EU law making procedures via simplification of regulation and comprehensive assessment of EU strategic decisions.

Sixth, the open coordination method should be further applied for the implementation of the Lisbon Strategy.

Seventh, Lithuania insists on consistency in EU external relations and a larger role for the EU in the international arena. EU should speak unanimously on foreign policy issues. Lithuania supports the increase in EU competences in energy policy. It is important that the EU remain open to New Member States that comply with the membership criteria and to further develop transatlantic partnership.¹⁰²

¹⁰² The Strategic Guidelines of Lithuanian EU Policy for the period of 2008-2013, Government Office of the Republic of Lithuania, <<http://www.euro.lt/documents/Strategines%20kryptys%202008%20-2013%20m.doc>>.

Table of national positions

*please, refer to the methodology disclaimer in the supplements

Issue	Definition and Outlook	National Consensus	EU mainstream
1. Top three priorities	Policy Taker; to Potential Policy Driver	General Consensus, position not likely to change substantially	Within the mainstream
2.2. Position of the country and the different stakeholders (including public opinion) towards the Lisbon Treaty and the framework of changes introduced by it	Policy Taker; likely to remain Policy Taker	General Consensus, position not likely to change substantially	Within the mainstream
2. 3. Alternative proposals to the institutional development of the EU, rated by the relative influence of their proponents (e.g. multi speed Europe, one-voice foreign policy, etc.).	Policy Taker; to Potential Policy Killer	General Consensus, position not likely to change substantially	Within the mainstream
3. 1. Specific issues: Position towards the main changes offered by the Lisbon Treaty (important in case the Lisbon Treaty is revamped and/or introduced through its separate elements). In case the treaty is scrapped, what innovations should be implemented (and how)?	Policy Taker; likely to remain Policy Taker	General Consensus, position not likely to change substantially	Within the mainstream
3. 2. Implementation of institutional innovations	Policy Taker; to Potential Policy Driver	General Consensus, position not likely to change substantially	Within the mainstream
3. 3. Future of Lisbon Treaty ratification	Policy Taker; to Potential Policy Driver	General Consensus, position not likely to change substantially	Within the mainstream

2. 1. General issues: Representation of the country in the EU institutions: EC, European Council, EP – a backgrounder

European Parliament¹⁰³ - please, refer to the tables and information provided at the end of the section.

European Commission

Member of the European Commission (responsible for financial programming and budget) – Dalia Grybauskaitė.¹⁰⁴

2.2. Position of the country and the different stakeholders (including public opinion) towards the Lisbon Treaty and the framework of changes introduced by it

Definition: Policy Taker

Outlook: Policy Taker

The position of Lithuanian government, political parties and public opinion towards the Lisbon Treaty is rather positive overall. The Lisbon Treaty has already been ratified on 26 August 2008. There have been discussions among politicians arguing that Parliament may have been over-enthusiastic over ratifying it as fast as possible, while the general public had not yet even formulated a clear position. Public opinion polls from December 2007 had shown that Lisbon Treaty was hardly an issue for the Lithuanian society, as approximately 73% of participants of the opinion polls had not heard anything about the Lisbon Treaty and only 27% were aware of its dealing with institutional reform.

¹⁰³ Official governmental webpage on Lithuania-EU information, <<http://www.euro.lt/en/lithuanias-membership-in-the-eu/representatives-in-eu-institutions/>>, European Parliament webpage <<http://www.europarl.europa.eu/members/public/geoSearch/view.do?country=LT&partNumber=1&language=EN&id=28285>>.

¹⁰⁴ Official governmental webpage on Lithuania-EU information, <<http://www.euro.lt/en/lithuanias-membership-in-the-eu/representatives-in-eu-institutions/>>.

However, 46% of these 27% had indicated that information about the Treaty and its provisions were not sufficient. Therefore a special information campaign was launched by the government.¹⁰⁵ However, because of the complexity of regulations and the form of the Treaty by itself, and as the Lisbon Treaty was to be ratified by the Lithuanian Parliament, it did not trigger a wide public discussion.

2. 3. Alternative proposals to the institutional development of the EU, rated by the relative influence of their proponents (e.g. multi-speed Europe, one-voice foreign policy, etc.).

Definition: Policy Taker

Outlook: Policy Killer

The overall Lithuanian position towards various alternatives to the Lisbon Treaty is one of relative reluctance, and may be described as leaning towards being a potential "Policy Killer" of such propositions. As mentioned above, there had been no exhaustive debate on the alternatives to Lisbon Treaty in Lithuania. Ratifying it and its eventual entry into force has overall been seen as the sole option. This position is strongly interconnected with the fact that entry into force of the Lisbon Treaty has been linked by some EU Member States (France, Germany and others) to further EU enlargement,¹⁰⁶ pointing out that the Nice Treaty was created to govern a union of 27 Member States, thus any further enlargement could only take place after the Lisbon Treaty comes into force. Lithuania is strongly in favour of the EU enlargement and one-voice foreign policy that would both come naturally with ratification of Lisbon Treaty. Any negotiations on other options to the Lisbon Treaty, in the Lithuanian view, would take as much time as negotiation of the Treaty itself and end up with less result. Lithuania strongly opposes any multi-speed Europe scenarios as it could leave Lithuania behind the leading "core" of EU. That is an issue all of the relevant parties agree upon. The opposition to fast ratification of the Lisbon Treaty had more to do with possible utilisation of the ratification argument at a tactical rather than strategic level. In April 2008 some personalities from the parliamentary opposition¹⁰⁷ raised the question of whether Lithuania could use the ratification argument as a possible negotiation lever towards the EU in relation to prolonging the exploitation of the Ignalina nuclear power plant (not to close it down in 2009). These propositions had nothing to do with any alternatives to the Lisbon Treaty. The government's overall position rejected them as having nothing to do with the substance of the Lisbon Treaty itself.

3. 1. Specific issues: Position towards the main changes offered by the Lisbon Treaty

Definition: Policy Taker

Outlook: Policy Taker

According to J. Pranevičius (Counselor of the Political and Institutional Cooperation Division at the European Union Department of the Lithuanian Ministry of Foreign Affairs), the Lisbon Treaty generally reflects Lithuanian propositions as the basic provisions of the Constitutional Treaty that has been ratified by the Lithuanian parliament on 11 November 2004¹⁰⁸ were preserved. It is within the Lithuanian interest that the Lisbon Treaty provides a long-term decision and ends the prolonged debates on political and institutional reform of the EU because there are important practical questions that need to be solved.

A very important aspect of the Treaty is considered to be the provisions that could increase the pace of common EU energy policy development and thus ensure Lithuanian energy security. The Lisbon Treaty provides that in case of energy supply interruptions EU Member States shall act in solidarity. The commitment to improve interconnections of energy networks is also embedded in the Treaty. The Treaty also provides for

¹⁰⁵ Official governmental webpage on Lithuania-EU information, <<http://www.euro.lt/lt/naujienos/apie-lietuvos-naryste-europos-sajungoje/naujienos/2217/>>.

¹⁰⁶ *Neišspręstas Lisabonos sutarties klausimas gali sutrukdyti ES plėtrai* [tr. The unsolved issue of the Lisbon Treaty ratification may become a drag to further EU enlargement], 2008 06 21, <<http://www.bernardinai.lt/index.php?url=articles/80895>>.

¹⁰⁷ G. Songaila, J. Vaiškūnas. *Lisabonos sutartis: per greitai sutinkame* [tr. Lisbon Treaty: are we approving it too fast?], 2008 04 29, <<http://www.delfi.lt/news/ringas/lit/article.php?id=16851647>>.

¹⁰⁸ Lithuania was the first country to ratify the Treaty Establishing a Constitution for Europe. That was considered to be a clear statement of how supportive the Lithuanian government and parliament were towards the further EU integration processes.

solidarity of the Member States in case of terrorist attacks and natural disasters, as well as increased cooperation on the fight against international crime, human trafficking, and illegal migration. It is considered that when the Lisbon Treaty comes into effect decision making in the EU should become more efficient and democratic and the EU role in the international arena shall increase.¹⁰⁹

As for extended majority voting and an increased role for the European Parliament, the Lithuanian position is that these two counterbalanced provisions are necessary to increase both the efficiency and democratic legitimacy of the EU. An institutional balance of powers and separate competences are also vital in order to increase efficiency and transparency. Thus Lithuania has continuously held the position that the new competences of the president of the European Council should not exceed the competences held by the current presidency system (that is, by head of state of the rotating EU presidency). The High Representative for Foreign Policy is considered an important institutional amendment as it could increase the EU's role in the international arena and possibly help to consolidate European positions so that the EU could speak unanimously on foreign relations issues. It has been estimated that neither the reformed qualified majority system nor the rotating Commission composition would strip Lithuania of significant powers of participation in EU decision making. The reformed qualified majority vote would actually improve Lithuanian chances of influencing EU decision making, according to J. Pranevičius.

3. 2. Implementation of institutional innovations

Definition: Policy Taker

Outlook: Policy Driver

- President of the European Council: competences vis-à-vis the rotating presidency, job description, secretariat and its size etc.

Lithuania has continuously held the position that the new competences of the president of the European Council should not exceed the competences held by the current presidency system (that is, by the head of state of the rotating EU presidency). The President of the European Council should be responsible for continuity and consistency of policies pursued and fluid decision making in the European Council as well as representation of the EU at the international level. An informal extension of power to broaden the responsibilities of the presidency wider than the Lisbon Treaty prescribes would not be welcomed (informal extension of power can take various forms of diplomatic practices, informal consultations, etc. Such instruments may hinder efficiency and transparency of institutions, as well as the balance of powers within the EU).

- Lithuania insists on a detailed regulation of European Council presidency competences. He/she should not interfere with the law making procedures that are in the competence of the Council of Ministers according to the Treaty.
- The relation of the European Council presidency to the European Parliament, the Head of the European Commission, the EU High Representative and the rotating EU Presidency should be well clarified.
- In order to retain autonomy of institutions, the European Council presidency should not participate in sessions of ministerial councils.
- The European Council presidency should rely on the existing institutional framework rather than creating new administrative institutions that would duplicate functions of institutions already in place.
- It is important to ensure a proper role for the rotating presidency of the Council of Ministers.

¹⁰⁹ Interview with Julius Pranevičius, Counsellor of the Political and Institutional Cooperation Division at the European Union Department of the Lithuanian Ministry of Foreign Affairs.

EU High Representative: competences vis-à-vis the two presidents, relation to other commissioners with external relations portfolios, competences and relations vis-à-vis the rotating presidency

- The initiative of consolidating EU external relations within a single composition of the ministerial council is highly welcomed.
- The High Representative for Foreign Policy is considered an important institutional amendment as it could increase the EU's role in the international arena and possibly help to consolidate European positions so that the EU could speak unanimously on foreign relations issues. However, a clear division of powers between the High Representative for Foreign Policy and the European Council presidency should be retained.

EU External Action Service: Implementation of the EU External Action Service

- The process of creation of the EU External Action Service should be transparent and involve all Member States. It is important that the decisions on forming the EU External Action Service take place during 2008 and that the agency itself starts its activities as soon as the Lisbon Treaty comes into effect.
- Lithuania strongly supports the creation of a self-sufficient EU External Action Service financed by the EU budgetary means. In order to avoid duplication of functions, the External Action Service should include subdivisions of the European Commission and Council of Ministers secretariats that are responsible for EU external relations. The External Action Service should be responsible for supporting the EU external relations policy activities of the European Council presidency.
- The creation of an EU External Action Service should not undermine the institutional balance and powers of the Commission. The Commission ought to retain all of its competence in EU internal market policy, EU enlargement issues and in separate aspects of development cooperation.
- Effective and transparent information exchange between the EU External Action Service and national diplomatic services should be ensured. EU delegations ought to become integral elements of the EU External Action Service. It is important that delegations are capable of providing urgent consular assistance to EU citizens.
- Representation on equal grounds in the EU External Action Service should be ensured to all EU Member States. It is preferred that not less than one third of all the External Action Service staff would be formed from the staff of Member States' diplomatic services. The proportion of representation should be reflected both horizontally (in EU External Action Service delegations and offices) and vertically (in the whole subordination structure).
- Lithuania would support the Commission and Council of Ministers relegating their tenure to the EU External Action Service. However, it is important that finance follow such reallocation. The EU External Action Service should be organised *a priori* from representatives of the Commission, Council of Ministers and Member States.
- Representatives from EU institutions and Member States should obtain equal status. Lithuania would support a system of rotation for their appointment. Thus, after their tenure they could return to their previous offices.
- Geographical criteria should be followed when appointing personnel. Although a quota system may not be a perfect solution it would increase legitimacy and transparency.¹¹⁰

¹¹⁰ Interview with Julius Pranevičius, Counsellor of the Political and Institutional Cooperation Division at the European Union Department of the Lithuanian Ministry of Foreign Affairs.

3. 3. Future of Lisbon Treaty ratification

Definition: Policy Taker

Outlook: Policy Driver

According to J. Pranevičius, the Lithuanian position would overall represent “another scenario”. This means that main objective for the Lisbon Treaty is a full final ratification and entry into force of the Treaty with as little political friction possible inside the EU. The Lithuanian government tends to suggest that the overall interests of the rest of the EU Member States should be the same. The question of the Irish vote should be looked at with proper respect, according to the Lithuanian position. There should not be any isolation towards Ireland nor too much of a rigid pressure to pursue the ratification. Learning from the Danish precedent of the Nice Treaty ratification could be considered a proper option. Pushing too hard on the EU side would first of all send a very negative signal to all the European citizens, as it would show the EU does not take their opinion into consideration and is able to find means of pushing legislation through without taking into account the position of the public. Lithuania also supports a soft approach towards Ireland for practical reasons, such as the fact that the Lithuanian EU presidency shall be shared with Ireland in 2013. Lithuania prefers a strong presidency partner rather than one that faces isolation within the EU. In addition to that, additional provisions and opt-outs that Irish shall possibly be getting from the EU in order to ratify the Lisbon Treaty would most probably be useful to Lithuania as well. Lithuania proposes to wait until the ratification issue is solved within Ireland by itself (partial ratification in the parliament or a similar scenario).¹¹¹

This scenario (looking for options that cause as little friction as possible, and concessions to Ireland that do not undermine the Treaty itself) of course could involve turning to the expert community and the public service in order to trigger discussions and to elaborate a solution that could suit all EU Member States. However, the main propositions are unlikely to change: the EU needs ratification of the treaty (Lithuania has already ratified it); the EU needs to solve this question under consensus.

¹¹¹ Interview with Julius Pranevičius, Counsellor of the Political and Institutional Cooperation Division at the European Union Department of the Lithuanian Ministry of Foreign Affairs.

Supplement

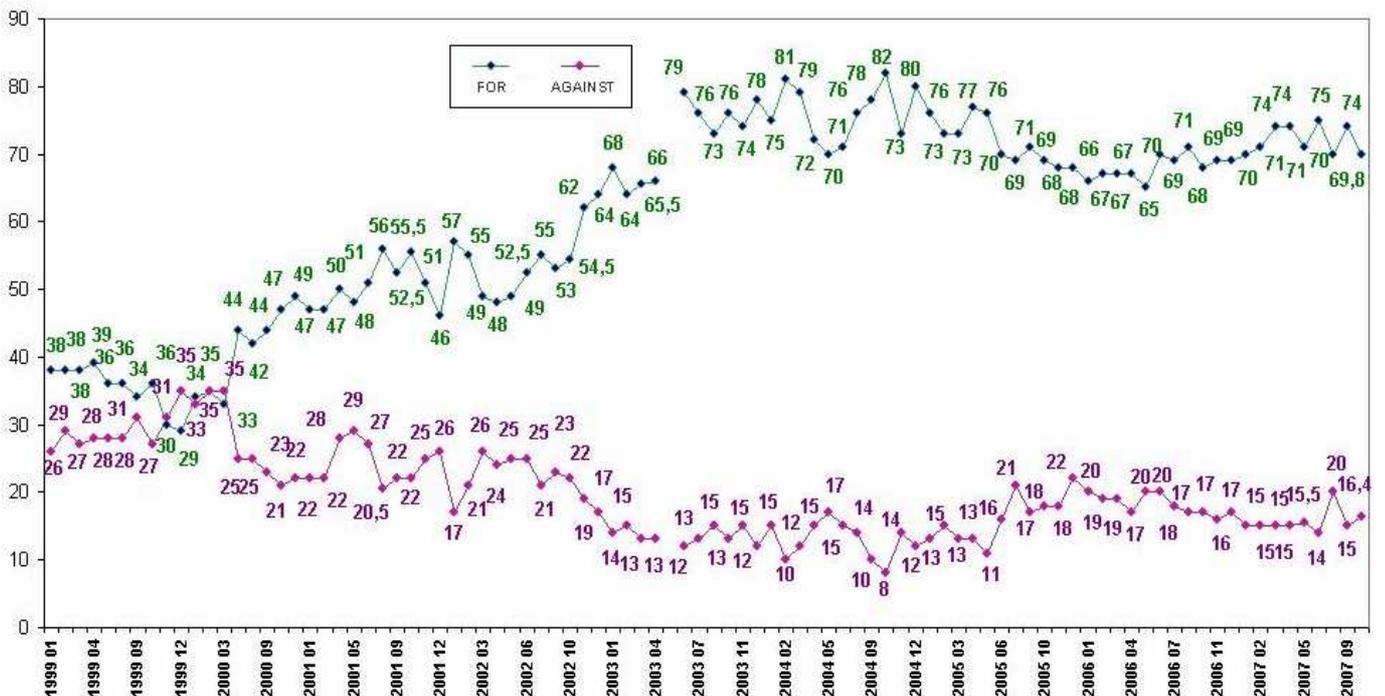
Data of Public opinion polls on the EU (as requested)

Results of EU membership referendum (2003)

Lithuanian support towards EU membership was expressed during the membership referendum in 10-11 May 2003. Lithuanian EU membership was supported by 91.07% of voters who attended the referendum (the referendum was attended by 63.37% of all Lithuanian voters). Although certain concerns have been expressed by analysts and politicians that high EU membership support meant also exaggerated expectations, Lithuania remains among Member States that express highest membership support. According to Eurobarometer data from spring 2008, Lithuanian EU membership is continuously supported by 60% of the Lithuanian population (the EU average is 52%).

Attitudes of Lithuanian citizens towards EU (1999-2007)

Attitudes of Lithuanian citizens towards the EU have been surveyed since the middle of the previous decade. The graph below represents the dynamics of EU support before and after the membership referendum. The question asked before the referendum was formulated as, "If the membership referendum took place tomorrow, would you vote "for" or "against" membership"? After the referendum the question was formulated as, "Do you support Lithuanian EU membership?"¹¹²



Source: Public opinion agency VIL MORUS, 1999-2007

Reasons for support/rejection¹¹³ (2006, 2008)

According a survey pursued on the initiative of the Lithuanian government office in 2006, the most important reason for supporting EU membership for Lithuanian citizens is the fact that it helps Lithuania to reach a higher living standard (this reason was chosen by 25.7% of the respondents). The second factor of support is related to the availability of EU financial support (24.7%). Those that opposed Lithuanian EU membership indicated the following reasons for objection:

¹¹² Website "Lithuania's membership in the European Union" administered by the Office of the Government of the Republic of Lithuania and Bank of Lithuania, <<http://www.euro.lt/lt/apie-lietuvas-naryste-europos-sajungoje/lietuva-ir-europos-sajunga/viesoji-nuomone-ir-naryste-europos-sajungoje/>>.

¹¹³ Website "Lithuania's membership in the European Union" administered by the Office of the Government of the Republic of Lithuania and Bank of Lithuania, <<http://www.euro.lt/lt/apie-lietuvas-naryste-europos-sajungoje/lietuva-ir-europos-sajunga/viesoji-nuomone-ir-naryste-europos-sajungoje/>>.

1. The EU is dominated by the large EU states;
2. EU membership contributes to the loss of national identity;
3. They do not understand/support the decision making mechanisms of EU;
4. The EU puts a strain on Lithuanian sovereignty and boosts the bureaucracy.

Overall, Lithuanians are positive about the effects of EU membership. According to Eurobarometer data from spring 2008, Lithuania is among the Member States claiming that EU membership is beneficial for Lithuania (75% of respondents chose this answer; the group of states with euro-optimistic public opinion consists of Lithuania, Ireland, Denmark, Estonia, Poland and Slovakia). During the spring 2008 Eurobarometer survey, the following reasons for EU membership support/rejection were mentioned:

Advantages of EU membership	Disadvantages of EU membership
<p>49% Better/more employment opportunities</p> <p>39% EU contributes to economic development and growth in Lithuania</p>	<p>37% EU membership decreases the living standards in Lithuania</p> <p>30% Lithuania has little influence of decisions taken within the EU</p> <p>26% EU has negative effects of economic development and growth in Lithuania</p>

Euro (2004-2008)¹¹⁴

The public opinion towards Euro zone membership has been surveyed since 2004. In 2004, 47.7% of respondents agreed that Lithuania should introduce the Euro; in 2005 – 34.0%; in 2006 – 39.2%. While pursuing the survey of 2006 it was already known that Lithuania would not join the Euro zone in 2007. In the opinion of analysts, the increased support towards the Euro could have been preconditioned by the fact that a certain part of the population feared that the Euro would be introduced too soon and Lithuania was not yet prepared for it. Surveys from 2008 revealed that Lithuanian citizens consider being well informed about the Euro although this rate has decreased a little since 2007 (from 49% in 2007, to 44 in 2008). Emotional support towards the Euro has been increasing: the question whether the respondent was personally content that the Euro would eventually replace litas was answered positively by 40% of respondents in September 2008 (as compared to 34% in 2007).

As for the date of Euro introduction, on September 2007, 48% of respondents expected that the Euro would be introduced in 2009-2010; in September 2008 this percentage decreased to 28%; 29% expect Euro introduction in 2011-2012, similarly, 22% expect it to happen in 2013 or later.

EU Enlargement (2008)¹¹⁵

Further EU enlargement is supported by 69% of the Lithuanian population; meanwhile, the EU average is 47%, according to Eurobarometer (spring 2008). Both Lithuanian and other EU citizens are most supportive towards membership of wealthy and non-conflict countries (e. g. Switzerland, Norway, Iceland). Least supported is membership of Turkey. An overwhelming difference is revealed between Lithuanian and EU average opinion towards Ukrainian membership: 69% of Lithuanian citizens welcome Ukrainian membership whereas the EU average is less than 50%.

Constitutional Treaty (Treaty Establishing Constitution for Europe) (2006)¹¹⁶ and Treaty of Lisbon (2008)¹¹⁷

¹¹⁴ Website "Lithuania's membership in the European Union" administered by the Office of the Government of the Republic of Lithuania and Bank of Lithuania, <<http://www.euro.lt/lt/apie-lietuvos-naryste-europos-sajungoje/lietuva-ir-europos-sajunga/viesoji-nuomone-ir-naryste-europos-sajungoje/>>.

¹¹⁵ Website "Lithuania's membership in the European Union" administered by the Office of the Government of the Republic of Lithuania and Bank of Lithuania, <<http://www.euro.lt/lt/apie-lietuvos-naryste-europos-sajungoje/lietuva-ir-europos-sajunga/viesoji-nuomone-ir-naryste-europos-sajungoje/>>.

¹¹⁶ Website "Lithuania's membership in the European Union" administered by the Office of the Government of the Republic of Lithuania and Bank of Lithuania, <<http://www.euro.lt/lt/apie->

66% of Lithuanians supported the idea of the EU Constitution in 2006. This support was higher than in any other EU Member State. However, it should be noted that support for the Lisbon Treaty was significantly lower (probably due to less information and the negative effects of the French and Dutch rejections of the EU Constitution). A survey was pursued during June and July of 2008 by a public opinion survey agency "Baltijos Tyrimai". The results were the following: 48% of the respondents had never heard of the Lisbon Treaty; 66% claimed they would not attend a referendum on the Lisbon Treaty; 18% claimed they would vote "no" on the Lisbon Treaty during a referendum; 16% said they would vote "yes"; 29% said they were positive about the Irish "no" to the Treaty and thus its rejection.¹¹⁸

Other data from Eurobarometer, Spring 2008¹¹⁹

Evaluation of transparency of institutions			
		Lithuania	EU-27
Institutions in our country operate	Transparently	8%	24%
	Untransparently	79%	68%
EU institutions operate	Transparently	33%	26%
	Untransparently	35%	54%

Trust in EU institutions				
	Lithuania		EU-27	
	Spring 2008	Autumn 2007	Spring 2008	Autumn 2007
European Parliament	55%	57%	52%	55%
European Commission	51%	53%	47%	50%
ECB	50%	46%	50%	47%
Council of Ministers	48%	47%	43%	44%

Knowledge about EU institutions (Q. Have you heard about these institutions?)		
	Lithuania	EU-27
European Parliament	83%	87%
European Commission	75%	78%
ECB	67%	73%
Council of Ministers	65%	62%

Factors of united Europe (Q. Integration has been developing in particular fields over the past few years. In your opinion, what fields should the European institutions concentrate on during the upcoming year in order to strengthen the EU?)				
	Lithuania		EU-27	
	Spring 2008	Autumn 2007	Spring 2008	Autumn 2007

lietuvos-naryste-europos-sajungoje/lietuva-ir-europos-sajunga/viesoji-nuomone-ir-naryste-europos-sajungoje/>.

¹¹⁷ "Public opinion survey: half of citizens have never heard of the Lisbon Treaty", 2008 07 29, <<http://www.delfi.lt/news/daily/lithuania/article.php?id=17880821>>.

¹¹⁸ "Public opinion survey: half of citizens have never heard of the Lisbon Treaty", 2008 07 29, <<http://www.delfi.lt/news/daily/lithuania/article.php?id=17880821>>.

¹¹⁹ Eurobarometer, Spring 2008, <http://ec.europa.eu/public_opinion/archives/eb/eb69/eb69_lt_nat.pdf>.

Social issues	42%	47%	24%	26%
Energy issues	42%	36%	30%	27%
Fight against crime	38%	41%	33%	36%
Internal market	21%	25%	15%	15%
Immigration	18%	17%	32%	33%
European foreign policy	17%	18%	15%	17%
Environment	15%	15%	33%	33%
Education	13%	15%	11%	14%
R&D	12%	13%	14%	15%
European defence policy	11%	15%	13%	15%
Solidarity with less developed regions	11%	12%	20%	20%
Culture	5%	7%	6%	6%
None of above	1%	1%	1%	1%
Other	2%	1%	1%	1%
DK	3%	1%	5%%	4%%

European Parliament¹²⁰

Members Of European Parliament	Party alignment	Committee membership
Laima Liucija Andrikienė	Group of the European People's Party (Christian Democrats) and European Democrats	Committee on Budgets Subcommittee on Human Rights Delegation to the EU-Moldova Parliamentary Cooperation Committee
Šarūnas Birutis	Group of the Alliance of Liberals and Democrats for Europe	Committee on Industry, Research and Energy Delegation to the EU-Ukraine Parliamentary Cooperation Committee
Danutė Budreikaitė	Group of the Alliance of Liberals and Democrats for Europe	Vice-Chair Committee on Development Member Delegation for relations with the countries of the Andean Community Delegation to the Euro-Mediterranean Parliamentary Assembly
Arūnas Degutis	Group of the Alliance of Liberals and Democrats for Europe	Committee on Transport and Tourism Delegation for relations with the countries of the Andean Community Delegation to the Euro-Latin American Parliamentary Assembly
Jolanta Dičkutė	Group of the Alliance of Liberals and Democrats for Europe	Committee on Culture and Education Delegation for relations with the Mashreq countries
Gintaras Didžiokas	Union for Europe of the Nations	Committee on Agriculture and

¹²⁰ Official governmental webpage on Lithuania-EU information, <
<http://www.euro.lt/en/lithuanias-membership-in-the-eu/representatives-in-eu-institutions/>>,
 European Parliament webpage
 <<http://www.europarl.europa.eu/members/public/geoSearch/view.do?country=LT&partNumber=1&language=EN&id=28285>>.

	Group	Rural Development Delegation for relations with the countries of Southeast Asia and the Association of Southeast Asian Nations (ASEAN)
Eugenijus Gentvilas	Group of the Alliance of Liberals and Democrats for Europe	Committee on Regional Development Delegation for relations with Belarus
Ona Juknevičienė	Group of the Alliance of Liberals and Democrats for Europe	Chair Delegation to the EU-Kazakhstan, EU-Kyrgyzstan and EU-Uzbekistan Parliamentary Cooperation Committees, and for relations with Tajikistan, Turkmenistan and Mongolia Member Conference of Delegation Chairmen Committee on Employment and Social Affairs Delegation for relations with Afghanistan
Vytautas Landsbergis	Group of the European People's Party (Christian Democrats) and European Democrats	Vice-Chair Delegation to the EU-Armenia, EU-Azerbaijan and EU-Georgia Parliamentary Cooperation Committees Member Committee on Foreign Affairs Committee on the Environment, Public Health and Food Safety
Eugenijus Maldeikis	Union for Europe of the Nations Group	Committee on Industry, Research and Energy Delegation for relations with the countries of Central America
Justas Vincas Paleckis	Socialist Group in the European Parliament	Vice-Chair Subcommittee on Security and Defence Member Committee on Foreign Affairs Delegation to the EU-Russia Parliamentary Cooperation Committee Delegation for relations with Belarus
Aloyzas Sakalas	Socialist Group in the European Parliament	Vice-Chair Delegation for relations with Switzerland, Iceland and Norway and to the European Economic Area (EEA) Joint Parliamentary Committee Member Committee on Legal Affairs
Margarita Starkevičiūtė	Group of the Alliance of Liberals and Democrats for Europe	Committee on Economic and Monetary Affairs Delegation for relations with Japan

Committee of the Regions

Chairperson of the Lithuanian delegation in the Committee of the Regions - Gediminas Paviržis.

Full members	Alternate members
Arnoldas Abromavičius Antanas Gustaitis Raimundas Jakutis Ričardas Malinauskas Vitas Matuzas Stasė Skutulienė Aidas Vaišnora Vytautas Vigelis	Edmundas Čėsna Valdemaras Jasevičius Donatas Kaubrys Vytautas Račkauskas Alvydas Sėdžius Zenonas Ulkė Kęstutis Vaitukaitis Povilas Žagunis Liudvikas Žukauskas

European Economic and Social Committee

Danukas Arlauskas Daiva Kvedaraitė Algirdas Aleksandras Kvedaravičius Linas Lasiauskas Vitas Mačiulis	Gintaras Morkis Inga Preidienė Zenonas Rokas Rudzikas Algirdas Šiupšinskas
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European Court of Auditors

Auditor - Irena Petruškevičienė.

Court of Justice of the European Communities

Judge - Pranas Kūris.

About the authors

Tomas Janeliūnas (b.1977) is Associated Professor at the Institute of International Relations and Political Science, Vilnius University. He holds a Masters degree in European Studies from Vilnius University and a PhD from Vilnius University. He has served as Editor in Chief of the "Lithuanian Foreign Policy Review" (<http://www.lfpr.lt>). His research interests include: Defence and security policy, energy security, info-security, EU integration, EU neighbourhood policy, foreign policy, cold war, foresight studies and methods, Russia, CIS.

His recent publications include: Janeliūnas, Tomas and Kirvelytė L., "Development of Georgia's Security Strategy: A Tough Road towards NATO" *Lithuanian Annual Strategic Review 2008*, Vilnius (approved for publication, to be issued in 2009); Janeliūnas, Tomas, "Between the EU and Russia: Opportunities for Belarusian Transformation", *Lithuanian Foreign Policy Review*, 2007/1 (19), Vilnius, 2007; Janeliūnas, Tomas, "Sovereign Democracy – Yet another Attempt to Define Russia's Regime", *Lithuanian Foreign Policy Review*, 2006/2 (18), Vilnius, 2007; Janeliūnas, Tomas and Molis, A., "Energy Security of Lithuania: Challenges and Perspectives", *Lithuanian Political Science Yearbook 2005*, Ed. Algimantas Jankauskas, Vilnius, 2007; Janeliūnas, Tomas and Molis A., "The NEGP Drops Away Lithuania's Hopes to Become Transit Country", *The North European Gas Pipeline: Political and Economical Implications for Russia and the EU* (Ed. Philip Kazin), 2006, Saint Petersburg.

For the report on Lithuania, he contributed general supervision for the methodology, information collection, conduct of interviews and editing.

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Supplements

Methodology notes

The research has been carried out by individual researchers in each of the ten new members on the basis of specially designed methodology, developed by EUROPEUM and major input from EuPI/OSI-Sofia. The seven policy areas under research are: I. Internal market/Lisbon Strategy; II. Minority integration and citizenship issues; III. Energy and climate change; IV. Budget review and CAP Health Check; V. EU foreign policy and enlargement; VI. Freedom, Security and Justice; VII. Institutional issues.

The research was carried out primarily in the period September 2008 – December 2009, but there may be references beyond this period. Some positions and circumstances described in the reports may have changed since the information was last made available to the researchers or reached the stage of publication.

The researchers' findings are published in ten country reports on each of the New Member States: Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.

The structure of the country reports includes an overview of the country's performance as an EU member and seven chapters following the seven broad policy areas. Each chapter contains an overview of the position of this country in the area, including the top three national priorities. Then the chapters provide in-depth analyses, information and prognoses on a set of issues (defined as general and specific) within each of the seven policy areas.

The views expressed in the reports are those of the authors and do not necessarily reflect the views of the Open Society Institute – Sofia.

Classifications: Policy Taker, Killer, and Driver explained

In the classification of this study, Policy Takers are those states that usually follow the mainstream in the EU and in general accept whatever is offered from the EU. The reasons may vary — from the lack of stakes and interests in the issue, to the lack of capacity to formulate a meaningful position, or they may have a position but lack the weight and experience to promote it.

The Policy Driver is a country that assertively promotes an issue at EU level. Ideally, a Policy Driver would have a broad political consensus and public support at home, capacity and expertise to advocate successfully, and carry the weight to gather coalitions and promote the policy. This may also imply additional legitimacy, measured also by the added value of this policy to the "European project" or adherence to the "European values" or "common European interest".

A Policy Killer is exactly the same as a Policy Driver, but with an opposite sign. In many cases, a Policy Killer country becomes a Driver if it succeeds in proposing a feasible and viable alternative to the policy it tried to prevent.

While all members are at some point "Policy Drivers" or "Killers", the crown of a "super Policy Driver" and "super Policy Killer" goes undoubtedly to Poland. Poland, the biggest of the new members, with enough self-confidence, has led an effective opposition to the Constitutional Treaty, the Lisbon Treaty, and to the energy and climate package.

Tables of national positions; Explaining the exercise and words of caution

In the course of the current study, the country researchers were asked to classify the position and policy behaviour of the country as Policy Taker, Policy Driver or Policy Killer on the respective issues. The judgments had to be based on the level and character of activity, interest and involvement of the country in the given policy area. The researchers were also asked to provide a forecast for the short and medium-term positions and behaviour of the country, based on diverse factors triggering change — domestic political change, rise of powerful stakeholders able to promote or kill a policy, a window of opportunity to intervene, reversal of policy at EU level that causes negative reaction, etc.

The attempt at classification and forecasting (laid out in detail in the tables at the end of the report) should be used with caution, as the positions and factors at play are

nuanced, multifaceted and complex: simplified tick-boxes of classification, presented in the tables, can never be too accurate. Therefore, they are more for orientation purposes and the provided substantive reports should be consulted for a more detailed analytical description, as the authors themselves often point to several possible explanations and scenarios for future development. Nevertheless, this is a valuable set of information, based on very good expert knowledge and judgment.

Country abbreviations	
EU27 European Union - 27 Member States	
BE	Belgium
CZ	Czech Republic
BG	Bulgaria
DK	Denmark
<i>D-E</i>	<i>East Germany</i>
DE	Germany
<i>D-W</i>	<i>West Germany</i>
EE	Estonia
EL	Greece
ES	Spain
FR	France
IE	Ireland
IT	Italy
CY	Republic of Cyprus *
CY (tcc)	Zone not controlled by the government of the Republic of Cyprus
LT	Lithuania
LV	Latvia
LU	Luxembourg
HU	Hungary
MT	Malta
NL	Netherlands
AT	Austria
PL	Poland
PT	Portugal
RO	Romania
SI	Slovenia
SK	Slovakia
FI	Finland
SE	Sweden
UK	United Kingdom
HR	Croatia
TR	Turkey
MK	Republic of Macedonia

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About EuPI

The European Policy Initiative (EuPI) of the Open Society Institute – Sofia aims at stimulating and assisting the New Member States from CEE to develop capacity for constructive co-authorship of common European policies at both government and civil society level. As a new priority area of the European Policies and Civic Participation Program of Open Society Institute – Sofia, EuPI will contribute to improving the capacity of New Member States to effectively impact common European policies through quality research, policy recommendations, networking and advocacy. The initiative operates in the ten New Member States from CEE through a network of experts and policy institutes.

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EUROPEUM Institute for European Policy is a non-profit, non-partisan and independent institute. It focuses on the issues of European integration and its impact on the transformation of political, economic and legal milieu in the Czech Republic. EUROPEUM strives to contribute to a long-lasting development of democracy, security, stability, freedom and solidarity across Europe. EUROPEUM formulates opinions and offers alternatives to internal reforms in the Czech Republic with a view of ensuring her full-fledged membership and respected position in the European Union.

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