

Policy Paper

**Smaller States' Strategies and  
Influence in an EU of 27:  
Lessons for Scotland**

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## **About the Author**

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## Executive Summary and Key Conclusions

This paper analyses how smaller EU member states develop their European strategies and tactics, set priorities and build alliances, and sets out some lessons for Scotland's European strategy. Overall, smaller and medium-sized member states can be influential in the EU but that requires a pro-active, carefully developed strategic approach. The paper draws on a set of interviews with diplomats and officials in smaller EU member states, the European Commission and the Scottish government.

**Brexit Impact:** The UK's departure from the EU has had substantial impact on the diverse and shifting alliances that characterise today's Union. Many smaller states are reconsidering their approach to alliance-formation and networking both in general and in particular policy areas as a result. The internal market is one of the main areas where the UK's departure has led to a re-think, especially amongst those states who were 'like-minded' with the UK on the internal market. But, more widely, the UK's departure, having been one of the 'big three' in the EU, changes the power politics and networks across the 27.

**Key Strategies and Tactics:** There are few policy areas where smaller EU states are on one side of a policy debate and the larger states (the big five of France, Germany, Italy, Poland and Spain) on the other. But smaller states want to have influence on the direction, and the detail, of EU policies and defend their interests. This requires a pro-active strategy, building alliances with states large and small – a strategy that goes beyond formal participation in EU institutions, vital though that is. Bringing expertise, getting views in early, proposing solutions not bringing problems, being alert to other member states' priorities, looking for compromises, being persistence and investing resources in Brussels and in bilateral EU relationships, all this and more is how many smaller EU states look to participate in EU policy-formation and decision-making.

**Informal Groupings:** With 27 member states, the EU can find it hard in some areas to get to consensus. Informal, like-minded groupings of member states – that may put in letters or statements ahead of summits, coordinate on positions and so on – are now common within the EU. There are like-minded groups on climate change and on the internal market, as well as ones clearly seen in the current EU budget debate, together with older and newer groupings such as the Visegrad 4 and the New Hanseatic League. These groupings can help drive policy forward and reach consensus, but used in too rigid a way, they can create blockage and division.

**Climate and Industrial Strategy Leadership:** In the core areas of the European Green Deal and the debate over a new industrial strategy, smaller member states have been very active with the aim of influencing where these vital issues go next – Finland played a big role in its presidency at the end of 2019, and Sweden and Denmark are also seen as influential players in climate policy. The Netherlands, meanwhile, is seen generally as an important medium-sized player and one that may take up some of the free market leadership role previously played by the UK.

**Lessons for Scotland:** There is much for Scotland to learn here despite being a sub-state within a third country, the UK, outside of the EU. It will be hard for Scotland to influence future EU developments from the outside. But bringing expertise, building long-standing bilateral relationships, participating in debates and stepping in early and constructively – whether in its current status as a sub-state within the UK or in future, perhaps, as an independent state in the EU – will all pay dividends.

## Smaller States' Strategies and Influence in an EU of 27: Lessons for Scotland<sup>1</sup>

### Introduction

The European Union is embarking on a green, digital and geopolitical transformation in the coming years. It is doing this under new leadership of the European Commission, Council and Parliament – and with 27 member states after the departure of the UK at the end of January. The EU faces many challenges both within those top three priorities and in other areas. These include migration, security, reform of the eurozone, inequality and inclusion, and protecting and deepening its democratic values and performance, not least in the face of continuing serious rule of law challenges within the Union.

Across its member states, the EU contains a range of outlooks on these and other priorities. Managing differences, divisions and areas of convergence and bringing them towards agreed strategies and policies has always been at the heart of the EU's business. It remains so today. How larger and smaller member states work together in ways that manage political, security, economic, social and geographical divergences is a constant focus of both EU political and diplomatic attention and of much research and analysis.

This paper aims to contribute to the understanding of these issues by looking at how smaller and medium-sized member states develop and implement their strategies within the EU today: what are their priorities, who are their like-minded allies and on what issues, and how and where do they succeed in having influence?

The paper looks at these issues both from an overarching perspective and drawing particular lessons from a sub-set of member states, including Estonia, Finland, Ireland, the Netherlands, Portugal and Sweden. The analysis also pays particular attention to the strategic priority areas of climate change and the European Green Deal, and the role of a new industrial strategy in this, and asks what these major and developing strategic areas tell us about how smaller states act to gain influence within the EU.

In its second section, the paper analyses what lessons could be drawn for Scotland from this overview of smaller EU states. Scotland is a country within the UK – a sub-state – now newly outside the European Union. It is clear that the influence of the UK and of Scotland on EU policies and strategies will, from now, be much diminished due to Brexit. Finding routes to engage, collaborate, communicate with and influence the EU will become harder. It is likely to require more resources for less effect – but still, nonetheless, be of fundamental importance.

Scotland already has a nascent European strategy, and one that could benefit from looking at the lessons to be drawn from the strategic and tactical behaviour of smaller EU states.<sup>2</sup> Sub-states and regions both within and

outside of the EU do engage in external affairs and in lobbying and networking towards the EU. Scotland must now adapt to doing this from the outside. And if, eventually, Scotland chooses to move towards independence in the EU then both in its accession strategy and in its goals as a new member state, it would have to consider how to develop its own influencing and networking strategy.

This paper draws on twelve in-depth interviews with twenty-one officials and diplomats from several member states, the European Commission, and the Scottish government – all undertaken as part of the research underpinning this report.

## **Section One: Smaller and Medium-Sized EU Member States – Alliances, Strategies and Tactics in Today's EU**

### **Larger and Smaller EU States**

The EU has many more smaller than large member states. Looked at in a population ranking, as set out in table one, after the EU's 'big five', there are two most obviously 'medium-sized' EU states – Romania and the Netherlands – and then a whole spectrum of smaller states.

Six or seven states hover around or over the ten million population mark with Belgium as the largest in that group; another six around the four to seven million mark, the largest there being Bulgaria; and ending with the EU's smallest states i.e. Cyprus, Luxembourg and Malta. If Scotland was an EU member state, its population size of 5.44 million would make it the nineteenth largest just after Slovakia. Scotland also has a similar population size, today, to Denmark, Finland, Ireland and Croatia.

Size is, of course, a relative concept: Sweden, for example, is large relative to Malta and small relative to Germany (which is small relative to the US or India). With the UK's departure, there will be no more talk of the 'big three' but much more consideration of the always-important Franco-German relationship – together with more frequent mention of the 'big five' of France, Germany, Italy, Poland and Spain.

As has been frequently observed, there are rarely if ever policy differences that simply divide larger from smaller EU member states. But there have, equally, been many debates and stand-offs down the years over the relative powers of different member states – size versus sovereignty in a nutshell. Such debates tend especially to come to the fore at times of treaty change. Questions of voting weights, number of commissioners, qualified majority voting versus unanimity, number of MEPs and more are never taken lightly. They are about power after all.

### ***Smaller States in the EU***

How smaller states fare both within the European Union and in global politics and economics and international institutions is a much studied subject<sup>3</sup>. Michael Keating sums up two key elements that small states need to thrive: firstly, 'external shelter' to give security and market access, and secondly,

flexibility to adapt to external shocks.<sup>4</sup> For the latter, he identifies two main types of flexibility – both easily identified in the EU – one, the model of what he terms ‘market liberal’ states and the other, the ‘social investment welfare’ state type. He argues that while there is variation across these two broad types, smaller states cannot simply ‘pick and mix’ from the two models.

**Table One: EU Population by Member State in 2019**

Ranking by population	Member State	Population, thousand
1	Germany	83,019.2
2	France	67,028.0
3	Italy	60,359.5
4	Spain	46,934.6
5	Poland	37,972.8
6	Romania	19,401.7
7	Netherlands	17,282.2
8	Belgium	11,467.9
9	Greece	10,722.3
10	Czech Republic	10,649.8
11	Portugal	10,276.6
12	Sweden	10,230.2
13	Hungary	9,772.8
14	Austria	8,858.8
15	Bulgaria	7,000.0
16	Denmark	5,806.1
17	Finland	5,517.9
18	Slovakia	5,450.4
19	Ireland	4,904.2
20	Croatia	4,076.2
21	Lithuania	2,794.2
22	Slovenia	2,080.9
23	Latvia	1,920.0
24	Estonia	1,324.8
25	Cyprus	875.9
26	Luxembourg	613.9
27	Malta	493.6

Source: Eurostat<sup>5</sup>

Many academics have focused on the EU’s *sui generis* balance between its intergovernmental and transnational components and the implications of this for smaller and larger states. In policy areas where member states retain a veto, then both larger and smaller states can, in theory, wield equal power in such an intergovernmental setting. Yet, while having a veto in some policy areas may seem positive for smaller EU member states, the political dynamics do not always work in this way. Size still matters and larger states can be more effective in pushing their viewpoints in finding consensus. Even so, having a veto can be a significant tool for all states.

Despite this, member states both large and small have long accepted the need for qualified majority voting to let the EU move forward as it enlarged, a process accelerated through the establishment of the internal market.

Transnational, pan-European structures, especially the European Commission and Parliament, can and have worked with and for the smaller states in many ways, taking an overarching view of European interests not just following the views of larger states.<sup>6</sup>

Institutional and treaty change, EU enlargement, changing internal and global political and economic contexts – all these and more impact on how smaller EU states aim to operate within the Union. And while leadership has frequently come from the Franco-German duo or sometimes from the triangle of the ‘big three’, during the UK’s membership, or from other combinations, smaller member states can and have played influential and leadership roles (as discussed below).

Smaller states do have influence by being part of the EU’s formal structures. They are at the table across the EU institutions – including in the Commission, Council, European Council, Parliament, and Court of Justice. As such, they have a voice and a vote which is the most obvious significant and direct route to influence. The myriad and diverse range of meetings where the 27 member states gather is extensive: they are entwined across the EU’s strategic and detailed work programme and policy agendas.

There are weekly Coreper1 and Coreper2 meetings (which bring together the member states’ permanent representatives (in the latter) and their deputies (in the former) to prepare Council meetings) and then the full panoply of Council of Ministers and working group meetings, and European Council summits. There are weekly Commission meetings (transnational maybe but with smaller states still fiercely defending their right to have a commissioner). There’s the intensive work done by the European Parliament. And then, too, all of the other consultations within and between the institutions, and with other European organisations.

Yet, both within and outside these structures, member states have always formed a range of more and less formal alliances – these may be ad hoc, focused on a one-off specific issue at a council, or reflect long-standing bilateral or multilateral relationships with other member states. Smaller and larger states look for and work with alliances and allies – not least but not only when bringing together a qualified majority or a blocking minority. And some of the strategies and tactics that member states use, especially but not exclusively smaller ones can look rather like the networking and lobbying tactics that others use – employed by EU regions (who lobby as well as participate in the Committee of the Regions), third countries, business and civil society advocates, and more. For small states to build influence and achieve goals, they need to work through a range of formal and informal structures and processes.

Informal alliances and groupings have always occurred in the EU even when it consisted only of the original six founding member states. However, coalitions do now appear much more important, reflecting, at least in part, the greater number of member states. Such coalitions and groupings can both act to protect interests and to block policy development in some areas. But they

can also help to lead and be innovative in giving the EU direction and momentum. Josef Janning and Almut Möller<sup>7</sup> argue the innovative potential of coalitions has yet to be fully recognised and adequately used in the EU. At the same time, fragmentation and divisions in today's EU, as Janning and Möller also argue, can undermine the formation of constructive coalitions in ways that are far from helpful to the EU's overall functioning. Solidarity has to combine with diversity for the EU to work effectively.

Certainly, informal groupings can be controversial and contested too. The so-called 'Frankfurt group', which played an important role during key stages of the euro crisis, underlined the dominance in that crisis of France and Germany. Alongside President Sarkozy and Chancellor Merkel, the other key members of the 'Frankfurt group' were the presidents of the IMF, European Central Bank, European Commission, the Chair of the Eurogroup, and the economic and monetary affairs Commissioner. This was not a place where smaller states had any clout or even role.<sup>8</sup>

And, in an older example, when Tony Blair invited the then French president and German chancellor – Jacques Chirac and Gerhard Schroeder – to an informal dinner in 2001, not only did the Commission president, Romano Prodi and foreign policy supremo, Javier Solana rapidly get themselves dinner invites too, but so did Guy Verhofstadt, then Belgian prime minister during its EU presidency – and flying in, in time for dessert, came Dutch prime minister Wim Kok, determined to make the point that such informal gatherings should not exclude small and medium-sized states.<sup>9</sup>

Such alliances, informal or formal, are not, of course, exclusive to EU member states. For example, the China-Central and Eastern European countries '16+1' grouping, meeting in periodic summits, is looked on with some concern and criticism from Brussels<sup>10</sup>. It includes 11 EU states, of which the largest is Poland, and five countries from the Western Balkans.

Overall, the EU is a highly complex political organisation. Its dynamics cannot be understood by a simplistic approach to power or size. The Union has often, and crucially, found its way forward through compromise and consensus, through different states and groupings of states looking for ways to balance each other's interests. It has worked when states, both large and small, understand that their overall interests can and do lie in keeping the whole European show on the road. When narrowly defined national interests predominate, the EU can struggle to move forward effectively.

It is in these shifting dynamics of interests, power, compromise, conflict, alliances and institutional structures that the EU's politics unfolds. It is not a zero-sum, one-off game – it is a multi-dimensional, continuing political dynamic and one that requires squaring hard-nosed self-interest with some solidarity and willingness to compromise and a good understanding of trade-offs over time.

It is by deciding where and how to set, strategies, alliances, priorities and tactics within this dynamic, that smaller EU states must choose their European paths.

## **Strategies, Alliances, Priorities and Tactics**

### **Strategies**

It is well understood amongst smaller EU states that success depends upon a much more sophisticated approach than simply prioritising key interests and focusing narrowly on those. Having influence and allies in the EU, over time and across its dense and wide policy domains, demands strategy, prioritisation, and resources. It requires constructive behaviour, interest in, and support for, other member states' concerns, and finding ways to deal with disagreement as positively as possible, in a spirit of compromise.

This is not always simple nor soft. Real interests are always at play – as the current, inevitably difficult, talks over the EU's future multiannual financial framework show, to no-one's surprise. The so-called 'frugal four' of Austria, Denmark, the Netherlands and Sweden, with Germany not far distant from them, and the larger 'friends of cohesion' group, together with France's concerns on agricultural funding, are not a mix that looks like reaching compromise any time soon. But all know a budget deal will have, eventually, to be struck.

Nor are good compromises always found – as the EU's continuing difficulties to agree a positive, progressive migration policy have shown. But dialogue, compromise, searching for consensus, give-and-take are vital parts of any serious and positive EU developments and progress.

### **Overarching EU Strategies**

Smaller and medium-sized member states adopt a range of approaches in the EU. Many aim to be seen as core players contributing across the EU's different strategic policy domains, others focus more on their own immediate concerns or stay on the edge of the debate. One demonstration of this broader strategic endeavour can be seen in the range of European strategy documents drawn up by different member states last year ahead of the European Council committing to its broad strategic agenda for the next five years.<sup>11</sup>

Take the examples of the Netherlands, Sweden and Ireland.<sup>12</sup> In its strategy document, the Dutch government sets out five priorities: migration; security; a strong and sustainable economy that offers protection; climate policy; and protecting values and interests abroad.<sup>13</sup> It also emphasises a 'future proof' effective governance and functioning of the EU. Six related policy papers were also produced. In addition, the Netherlands produces a 'state of the union' paper every year.

Likewise, the Swedish government also set out its priorities in a short paper.<sup>14</sup> It emphasises six priorities: a democratic, well-functioning and responsive EU (including gender equality, rights and the rule of law); the EU as a leader in climate transition; a competitive EU for sustainable growth and more and

better jobs; a legally certain, humane and sustainable migration policy; and security in a safe world. There are greater emphases on some areas, notably gender equality, in Sweden's more detailed document compared to the Netherlands – but the similarity is notable. This does not mean these two countries have strongly similar strategies or interests – the devil is in the detail.

Ireland's strategic paper on EU priorities is more detailed.<sup>15</sup> Ireland too has similar priorities, laid out in 17 pages calling for the EU to be: prosperous and competitive; safe, peaceful and secure; sustainable; socially responsible; and equipped for the future. A range of more detailed priorities and goals are also set out – from transport infrastructure to the digital single market. Notably, the Irish government also drew on a series of citizens' dialogues in coming to its priorities.

How the EU comes to agree its strategic agenda, given the interests and views of 27 member states, and of the EU institutions, is a complex process. But by engaging early, constructively and openly, smaller and medium-sized member states aim to ensure they are taken into account by the Commission and in the Council. They are flagging their engagement with the EU's overarching strategic direction. Through early, detailed, relevant and workable ideas, smaller member states can engage with and influence how the Commission or Council drafts key documents before their final agreement. They are also showing that they do not intend the EU's direction to come down to a deal only between the larger member states or just France and Germany – important though the Franco-German tandem is to the EU's strategic direction and dynamism (or lack thereof).

The EU does now have an ambitious strategic programme for the next five years with climate change, digital transformation and a more geopolitical EU all at the heart of the programme. Whether this strategic approach will become the driver of major systemic change – akin to but more transformative even than the EU's single market – is a key question. Many of the powers and decisions relevant to this strategy are still at member state level and others need the agreement of the member states, albeit many but not all decisions will benefit from qualified majority voting. Many alliances between member states will feed into the dynamics of how the EU's strategy fares and it is to these alliances that we turn next.

### ***Shifting Alliances and the Brexit Effect***

There are many and varying alliances in today's EU. Some of these endure over time, not least the Franco-German relationship whose ups and downs, successes, failures and mal-functions are so important to the EU. Today's Franco-German tandem is stuttering, particularly in the face of German Chancellor, Angela Merkel facing domestic challenges linked to her political career coming to a close, and a renewed battle over who will replace her. Meanwhile, Emmanuel Macron's big European vision has received short shrift from Merkel.

There are many other alliances – from the Visegrad Four grouping of the Czech Republic, Hungary, Poland and Slovakia to the so-called New Hanseatic League formed in 2018. With the Netherlands playing a key role, the latter grouping also brings together Denmark, Estonia, Finland, Ireland, Latvia, Lithuania and Sweden. The New Hanseatic League is seen as pushing a neoliberal line on eurozone reform – against French desires for more far-reaching and expansionary reforms (albeit not all of those in the group are even in the euro). French annoyance at this grouping gives a flavour of the competing dynamics, alliances and interests in this policy area today.<sup>16</sup>

Some of the New Hanseatic League's participants will admit that its formation was driven not only by concerns over eurozone reform but also by concerns about the impact of Brexit, and the UK's departure, on attitudes to free markets, and on the power of the Franco-German relationship.

### ***Brexit Impacting on Alliance Formation***

The UK's departure is seen by many member states as having a continuing and profound impact on the political dynamics and alliances among the remaining EU27. The UK was never as closely bound into its relationships with France and Germany as the long-standing Franco-German couple is to each other. The triangle sometimes worked, and sometimes the UK felt like the outsider – which in many ways it was as it accumulated opt-outs.

But the UK was a big and influential player that at different times drove policies forward, notably on the single market, and also, hand in hand with Germany, on the enlargement to central and eastern Europe when France was more reluctant.<sup>17</sup> At other times, the UK obstructed progress, whether by gaining opt-outs or by entering into alliances with other states where it had no veto or considered it wise not to use the veto in isolation.

In the face of Brexit, many smaller and medium-sized member states are now reconsidering how they approach alliances across the EU on different policy areas. How big an impact the UK's departure is seen as having depends both on the policy area and on the particular member state.

So, for example, Portugal has concerns at the loss of another Atlanticist member state, and one that, like Portugal, has strong interests in Africa. For Estonia, in turn, the UK is particularly important in security terms, and also valuable on digital issues but less important as a trade partner – yet the security relationship continues through NATO and so that key priority for Estonia is still covered. For Sweden and Denmark and other non-euro countries, there is a big question mark now over where the EU goes next: will there be more pressure for countries to join the euro or will the eurozone become an inner tier of the EU?

But smaller EU states recognise too the need to reach out, beyond their own or shared priorities, to those with different priorities. Doing this in security and neighbourhood priorities, again especially after the departure of the UK, is one key area. For Finland, making sure the Northern Dimension (a policy initiative linking the EU, Russia, Norway and Iceland) stays on the agenda is important.

For Estonia again, getting the right EU stance towards Russia, and the wider development of the European neighbourhood policy eastwards, is vital to its security. For Ireland, the Netherlands or Portugal, these may not be the dominant security priorities (though the state of EU-Russia relationships and developments in Russia are certainly of concern to all at a broad level). But member states like these three, in building bilateral relations, will want to show they understand security and other concerns for those member states who especially look east, just as Estonia and others will, or should, then show reciprocal concern for security concerns to the south and how the European neighbourhood policy works towards the south and south-east.

For many smaller countries, such as Finland, the Netherlands, Sweden and Ireland, that want to see further deepening of the European single market and an open approach to free trade, the UK's departure is particularly felt in that area. One study that expected to find the Czech Republic, in the face of Brexit, adjusting its EU strategy on security rather than on the internal market, in fact found the opposite: the internal market adjustment became more important instead.<sup>18</sup>

There are, today, many informal 'like-minded' groups of countries on different policy areas: what is clear is that the internal market 'like-minded' group has now lost its leading member. Whether the Netherlands might step up as its new leader is an open question that some now raise.

Yet the Brexit effect is not only about free market versus interventionist camps in the EU – important though that division has been and remains. For a country like Sweden, it is also about human rights and gender, or for Finland about trade and the EU budget.<sup>19</sup> More broadly, the triangle of the 'big three' allowed more scope for smaller member states to locate themselves in the policy spectrums that spanned the big three's positions, than they now face with just the Franco-German duo.<sup>20</sup>

In The Hague, there is considerable work under way, focused on where and how the Netherlands should develop and shift its alliances. Ireland is likewise looking strategically at its EU alliances. This is not only because of Brexit, though the departure of its big neighbour, with whom it was indeed like-minded on many issues, is a blow (on top of Brexit's damaging economic and political impacts). Ireland is looking to double its diplomatic footprint globally, and it (like the Netherlands) has embassies across all the EU member states (and in some regions).<sup>21</sup> Ireland has long made the choice to be a core EU player – joining the euro, showing itself to be adept politically and diplomatically in its presidencies – but it now has to put still more effort into its other EU relationships with the UK's departure.

### ***Flexible and Shifting Alliances***

Categorisations of EU alliances can sometimes be rather simplistic – the Franco-German relationships, the Nordics and Baltics, the southern member states, the Visegrad group, and so forth. While geography is often very important, driving common interests and hence alliances, very different policy

positions can also exist between neighbours – while more distant geographic states may be good allies on some issues.

Smaller EU states are often well aware of the need to reach out beyond their most common grouping and beyond their neighbourhood as rigid and distinct groupings rather than flexible ones are not necessarily helpful to the EU's functioning over times. Smaller member states also, on the whole, recognise that being in the EU gives them a voice, and access to potential alliances, they would not have outside the Union.

Some suggest that Brexit may, in part, have the positive effect of shaking up and re-dynamising bilateral and group relations across the EU. Smaller member states have had to re-think their most common contact points, and put more effort into getting to know the priorities of other member states less well known to them. What is clear is that the UK's departure is having a major impact across EU alliances – alliances which are anyway always forming, shifting and moving for better or worse for the EU's policy development.

### ***Acting on Priorities***

Both larger and smaller member states are always looking for those who share their priorities on a particular issue or range of issues. There can be plenty of horse-trading whereby one member state may support another one in its priority area, for support, in return, in a different area that is their priority.

There is frequent dialogue and interaction across member states, multilaterally through the various like-minded groups, in the margins of, and at, councils, working groups, Coreper and so forth – and too, bilaterally, through embassies across the EU. Many observers comment day-to-day contact with the UK has already declined since its departure on 31<sup>st</sup> January 2020. There is lack of clarity, so far, where and how that may be picked up both bilaterally (with embassies in the UK reconsidering their approaches) and in future EU-UK structures yet to be created.

Member states' permanent representations are also vital to this dialogue, consultation, and alliance-building. They are a crucial route into the EU institutions and to dialogue with the Commission, Council and Parliament secretariats – reinforced by frequent political and diplomatic visits from capitals. Getting member state nationals into key posts in the EU institutions and into the cabinets (or staff) of Commissioners and the Commission and Council presidents is a long-standing and important part of the game.

As well as strategic policy papers and non-papers, groups of member states often use joint letters and statements to get ideas into the EU dialogue – frequently, ahead of key councils, to the presidency, or to a specific Commissioner to push for a specific course of action.

### **European Green Deal and New Industrial Strategy**

The EU's strategic agenda now gives top priority to the European Green Deal, with the Commission's first outline of this brought out last December, just

eleven days after the new Commission took office.<sup>22</sup> It includes an ambitious roadmap of actions this year and beyond to bring these ambitions to life.<sup>23</sup>

At its December 2019 summit, the European Council committed to climate neutrality by 2050 (albeit without Poland included in this commitment at this stage).<sup>24</sup> This has now been taken further, with the Commission's proposal on 4<sup>th</sup> March 2020 to write this goal into a new climate law – a proposal labelled inadequate by climate activist Greta Thunberg.<sup>25</sup> On the same day the Commission also opened a consultation on a proposed European Climate Pact which will aim to engage the wider public and society in climate and environmental activities.<sup>26</sup> New policy documents on the circular economy and a revised industrial strategy are also due from the Commission in March (two key strategies that will need to dovetail not conflict). So there is little doubt that the focus is on a major systemic approach to tackling climate change including restructuring and re-booting the EU's economy – with goods, services, innovation and digital strategies as part of that.<sup>27</sup>

At the same time, it is also clear that there is a range of political views on how to tackle climate change. There are different views on what targets to set, not least for the shorter but crucial time perspective of 2030, and different adjustment and transition challenges in different member states. There are hopes in Brussels that the EU will commit to a 50% or 55% emissions reduction by 2030 and that it will do so this summer, well ahead of this November's crucial COP26 climate summit in Glasgow. However, getting there may prove politically challenging.

Meanwhile, there are civil society and business groups lobbying for more or less ambition. The Climate Action Network Europe (CAN Europe), a Europe-wide NGO network, has argued for higher targets – proposing a 65% reduction in carbon emissions by 2030.<sup>28</sup> Many fossil fuel companies and business alliances are lobbying intensively to defend their interests as the European Green Deal is developed.<sup>29</sup>

In early March, a group of 12 member states wrote to Commission vice-president Frans Timmermans, who is in charge of the European Green Deal, calling for the Commission to put forward the 2030 targets by June (not September the current likely date). This group was composed of: Austria, Denmark, Finland, France, Italy, Latvia, Luxembourg, the Netherlands, Portugal, Slovenia, Spain, and Sweden.<sup>30</sup> It's a mixed group of smaller and larger states, with Germany and Poland notable by their absence.

Brussels is also well aware of the different adjustment challenges in different member states – according to their industry and energy mixes. These are acknowledged both in the Commission's 'Just Transition Fund' approach<sup>31</sup> and in the variations in each member states 'national energy and climate plans' (final versions of which are already meant to have been with the Commission since the end of 2019 but there are a number of laggards).<sup>32</sup>

The challenges and needs of smaller countries such as Estonia, Ireland, Malta and Portugal are, for example, very diverse and rather specific. Each

needs its own emissions reduction path and associated structural, climate and sustainability policies within the EU's overall policy structures: Estonia has to find a path to move away from oil shale; Ireland needs to prioritise climate solutions in agriculture rather than focus on industrial champions; Malta has renewables potential but technical challenges with those too; Portugal has a very high percentage of renewables energy output but faces challenges with energy interconnectors.

There are more questions arising from Brexit here too – the UK is also meant to produce a final national energy and climate plan during this Brexit transition year but there seems little expectation it will. How or whether Northern Ireland will be referenced in any EU climate plans – given the single electricity market across the island of Ireland and its effective participation in the single market for goods – is also unclear.

As with climate policy, there is now considerable debate on how to reform the EU's set of industrial strategy and competition policies so that EU companies and competitiveness do not lag behind.<sup>33</sup> But there are splits between those who are more concerned with protecting free markets and competition and those who want a more interventionist approach. The latter, for some, looks like creeping protectionism; for others it is the only obvious route ahead. The EU has, down the decades, gone from one side of this industrial strategy debate to the other – moving from backing large European companies to stand up to the 'American challenge' to then, instead, supporting tough restrictions on state aid and strong competition laws.

The larger EU member states, not least France and Germany, have strong views on these interconnected debates around climate change, industrial strategy, digital strategy and competition. Yet smaller states too have been active and to some extent have managed to influence debates or even play a leadership role at some points.<sup>34</sup>

### ***Climate Change***

There is a 'like-minded' group of member states on climate change which currently has around 15-18 members (these informal groups can be fluid in purpose and numbers). Those member states that are seen (by other member states) as particularly ahead on, and ambitious in, their climate plans include the Nordic trio of Denmark, Finland and Sweden – with Denmark and Sweden particularly frequently mentioned (in interviews for this report). France is also often mentioned, not least given it hosted the crucial Paris climate summit. Germany is key but also seen as having challenges in some of its industrial interests and energy mix – though not a laggard in the way that Poland currently is. The Netherlands too is seen as being ambitious on climate change, while Ireland has joined in the like-minded climate group but is not seen as being a leader (and indeed is one of those states yet to submit their final national energy and climate plans). Civil society observers are more critical, with CAN (the Climate Action Network Europe) commenting that the national energy and climate plans need much higher ambitions.<sup>35</sup>

The EU's climate change ambitions cannot be separated from where it goes next in its overall economic growth and sustainability strategy and the sort of transformations that will be needed to get to zero emissions targets. There is broad understanding, in many smaller member states supportive of ambitious climate goals, that the major systemic change that climate change demands does offer many economic and business opportunities but also many challenges. Supporting and highlighting the major potential gains needs, in this view, to be part of the strategy.

David Gow argues that Finland, in its presidency in the second half of 2019, played an important role in setting the stage for the European Green Deal – and so helped pave the way to the new Commission's early initiative on this.<sup>36</sup> He emphasises that this required astute and early lobbying and alliance-building, including with the key Franco-German duo.

Indeed, even before its presidency, Finland led on a letter to the Donald Tusk, then president of the European Council, before the March 2019 summit. This letter called for the next steps in developing the EU single market to focus on digital transformation, transition to a greener economy, and more progress on integrating services. It was signed by 17 member states: Belgium, Croatia, the Czech Republic, Denmark, Estonia, Ireland, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Slovenia, Slovakia, Sweden and Finland. It's an impressive roll call of smaller and medium-sized member states – with just Poland as one of the larger states signing up.

Tracking where influence and policy ideas come from over time is not a straightforward matter – the process can involve many external actors, not least in such a core debate as climate. There have been many different papers and statements on raising the share of the EU's budget on climate actions, first to 20% then to 25% – the latter proposed by the Commission in May 2018.<sup>37</sup> In early 2018, 14 members of the 'green growth group' called for at least 20% of the EU's budget to go to climate friendly policies.<sup>38</sup> The fourteen included: Austria, Belgium, Denmark, Finland, France, Germany, Italy, Luxembourg, Netherlands, Portugal, Slovenia, Spain, Sweden and the UK.

And, indeed, support for such ideas can also come in after the Commission has proposed a position, while the policy debate continues among member states and in the wider policy community and public debate. On the 25% share, eight member states publicly stated their support for this at the start of May 2019.<sup>39</sup> The eight were France, Belgium, Denmark, Luxemburg, Netherlands, Portugal, Spain, and Sweden. Both this, and the earlier 2018 group, include larger and smaller states. But, with the exception of Slovenia, the central and eastern European member states are notable by their absence. However, this was different in the March 2019 letter organised by Finland where several were signatories.

### ***Industrial Strategy***

There have been member state letters and papers aplenty on new directions for the EU's industrial strategy. But while some are keener to emphasise

innovation and the digital revolution, others are looking for a new approach to competition policy. Some of these proposals are coming from larger member states and some more broadly from groups that feature many smaller states. Clearly, smaller states do not want to leave all the initiative here to the big five or to France and Germany – and they want to ensure they have a say. There are also, inevitably, strong free market versus more interventionist approaches involved here; this is a long-standing, much debated EU divide. And this is a key area where the UK's absence shifts the balance of power in these debates potentially away from a strong free market perspective.

A group of 18 member states produced a statement on industrial strategy in December 2018.<sup>40</sup> It emphasised the need for “the transition to a digital and safe, sustainable, low-carbon and circular economy” but also pushed for an “assertive” industrial policy, including for identification of strategic value-chains, and emphasising the need to reconsider competition and state aid policies.

The statement was signed by a mixed group of large and smaller member states, illustrating how large and small do work together – and crossing, to some extent, the divide of more free market versus more interventionist stances. The signatories were: Austria, Croatia, Czech Republic, Estonia, Finland, France, Germany, Greece, Hungary, Italy, Latvia, Luxembourg, Malta, the Netherlands, Poland, Romania, Slovakia and Spain.

France and Germany then produced their own paper, in 2019, entitled a ‘manifesto’ on a 21<sup>st</sup> century industrial policy.<sup>41</sup> They called for strong support for disruptive innovation, artificial intelligence and other advances, and for a rethink of competition rules, considering as well how to protect European competitiveness in a changing global environment. More recently, four of the largest member states’ economy ministers – from France, Germany, Italy and Poland – wrote to the European competition Commissioner, Margrethe Vestager, asking where a promised action plan was reviewing the EU’s competition rules<sup>42</sup>.

There is, then, much vital and contentious debate under way around industrial and digital strategy and how that feeds into the overarching European Green Deal. Smaller member states will not want to see too many letters and initiatives that come only from the larger member states. But differences of view here also reflect different stances on the free market – is a carbon border tax protectionist or vital, for instance – and reflect too the very different economic and industrial structures, and so concerns over industrial and climate strategies, in different states.

Indeed, the different tribes in the current EU budget debate (the ‘frugal four’, friends of cohesion, etc.) cut very much across these debates, for now, in terms of how much funding there will be and what it can be spent on. Moreover, the member states that particularly backed the aim of spending 25% of the EU budget on climate are not all notable climate leaders, though some are. So the general point that EU coalitions are shifting, overlapping,

sometimes stable and sometimes not, continues to hold in this vital, wide-ranging European Green Deal debate.

Smaller states will have to remain active to have a voice; but equally, as the above examples show, this is not, in the main, a larger versus small division. It is, and will continue to be, a vital and challenging debate with different national interests and plans up for scrutiny, making for tough arguments if political progress is to be made. In making progress, and continuing towards the goal of far-reaching policy-making and systemic change, different groupings in the EU will continue to be visible and important in this process. But in the end, the EU must show if it will be part of the climate solution not part of the problem.

### **Tactics and Resources**

The above discussion illustrates many of the strategies and tactics that smaller EU states adopt in aiming to influence, and be part of, EU decision-making. In addition to substantive contributions to policy debates through papers, joint letters, statements, like-minded groups and so forth, smaller member states also use other tactics, to further their overarching political and policy goals.

Many smaller member states emphasise the need to be constructive and positive, looking for and offering solutions not simply saying ‘no’ to policy initiatives or presenting their own problems. Talking to the Commission and the presidency – as well as to other allies – about specific issues for your member state that need to be taken on board is fine. Simply being resistant is less likely to work or create goodwill for the next time – not least where so many issues can be decided by qualified majority vote. There will always be an effort for consensus if possible but then being constructive and ready to compromise is vital.

But EU politics is not, of course, a simple game of playing nicely – there are real power politics and different interests at play here. Plenty of member states both large and small can, at times, be obstructive, sometimes to their own benefit but often, perhaps, just damaging their own reputation. This can vary by policy area. Hungary is probably seen as the most obstructive member state in refusing to take its share in the process of relocating refugees within the EU – but alongside Poland, the Czech Republic and others, it is not alone; and the EU has not covered itself in glory in its attempts to tackle its migration challenges since 2015.

Equally, when bigger political issues loom, notably the EU stand-off over rule of law issues in Poland and Hungary, this impacts onto how constructive relationships with other member states can be in other policy areas. Having said that, attempting to bring Poland, in particular, into more positive alliances in the EU – on specific issues and more strategically – is also on the agenda of some member states, not least to demonstrate a more positive way forward.

Smaller member states have to decide how many resources they can, and will, put into networking and influencing in the EU. They cannot compete with the diplomatic and policy resources of the larger member states, so they must prioritise, assess the benefits of being present (and to what degree) in different member states, and look beyond their core participation in the European Council and Council of Ministers at their level of resources and so wider engagement in Brussels (which in all cases needs to be as high as possible).

Simply monitoring and assessing the wide flow of outputs from Commission, Parliament and Council is a challenge enough. In the case of the impact of Brexit on the like-minded group of countries on the single market, for instance, some now talk of 'burden-sharing', in the absence of the UK, in managing how they follow and assess what is going on, before deciding when and where to lobby, intervene and so forth.

Timing is seen as vital by smaller member states. Getting in early on an issue whether with the Commission or the presidency, ideally before a document is drafted can play dividends. While Commission documents can go through several drafts with often substantial changes, getting ideas into a first version can be valuable. Having enough allies is also vital – if five smaller member states are concerned about an issue, that may not necessarily have much impact but having a group of ten on the same page may have much more impact. Having good contacts and relationships with officials in the institutions, not least from one's own member state is important too.

Influencing strategy is, of course, not just a one-off. Issues recur and policies often develop rather than being dealt with once and for all. Having a long track record on a key issue like climate change, as Sweden does, may help in being influential and/or in building alliances. Making sure issues are brought up repeatedly in debates, when the opportunity arises (or creating the opportunity), and engaging with other member states matters too. Sweden and Denmark, in the early noughties, had a certain success in moving the EU towards an emphasis on more peace-enforcement in its evolving security and defence strategy. Finland does what it can to ensure the northern dimension is not forgotten in EU policies – and so on.

And, as discussed earlier in this paper, building good relationships with other member states over time, means engaging with their priority issues and putting some resources into understanding those. Diana Panke emphasises the importance of having good, substantive arguments as well as using bargaining power that a member state may hold at a particular point in time – and resources matters too.<sup>43</sup> Panke concludes in her study that amongst smaller states Belgium, Denmark, Finland, Ireland and Sweden are particularly effective in achieving results, while Greece, Hungary, Latvia and Lithuania are less so.

The importance of coalition-building, niche expertise, being constructive, good negotiating skills and use of 'soft' power is also emphasised in a written

submission to the Scottish parliament by Michael Keating, Nicola McEwen and Malcolm Harvey.<sup>44</sup>

Overall, the 'how' of what smaller states can do to achieve more influence is, in principle, fairly clear. Actually making that work in the context of national, regional and EU politics and institutions is the real challenge.

Member states, whether larger or smaller, also need to pay careful attention to their own domestic environment. Some member states put much more effort into engaging both in domestic public debate and dialogues than others – and in engaging with, and informing or seeking the consent of, their parliaments. It is an investment that pays well, even if domestic politics can and does sometimes kick-back – not least but not only in rejecting a treaty (as seen, for example, in Belgium (CETA), Ireland (Nice and Lisbon), Denmark (Maastricht), the Netherlands and France (the constitutional treaty)).

### **Key Lessons**

Any list of what smaller states can do to achieve more influence risks being simplistic. But there are recurring themes both from earlier studies, and from the interviews in this report, that point in the same direction. Implementing such strategies and tactics is where the depth, detail, and success or failure of member states' strategies lie.

Ten key points, arising from this report, that smaller member states do adopt and/or should consider adopting in their EU strategies are as follows:

- Build alliances, coalitions, and relationships – be flexible and open to others' interests, and interact with both larger and smaller member states and the EU institutions.
- Recognise EU politics is not a zero-sum or one-off game. Develop strategies, tactics and alliances accordingly.
- Alliances with neighbours are often important and can be long-standing. But depending only on neighbours is not sufficient – reaching out across the EU brings benefits.
- Put forward constructive, well-substantiated ideas, compromises and solutions rather than bringing problems or simply being obstructive.
- Be pro-active and participate; look to join in and/or initiate statements, letters, non-papers, public papers and so forth; contribute to big EU strategic debates not just specific policy areas.
- Be consistent and persistent. Politics and policy positions evolve over time. Be alert for opportunities to insert priorities into documents, discussions and evolving EU policy debates.
- Ensure other member states are aware of your long-term top priorities as a country over time; and be aware of theirs.

- Intervene as early as possible, with information and ideas (ideally not only on your own member state concerns) where a policy issue is under development.
- Invest in resources and skills, including negotiating skills – with your priorities guiding where they can best be located; Brussels and the permanent representation are key but bilateral embassies matter too. Also aim to put talented officials into the EU institutions – and follow their career paths, influencing where possible.
- Put time and resources into ensuring that domestic and EU politics and policy join up successfully – both in the parliamentary and public domains.

Overall, smaller and medium-sized EU member states adopt a variety of strategies and tactics as they participate in an EU of 27. Many are deliberately very pro-active, aim to get in early, show their commitment to the wider interests of the EU over time, and build both longer-standing and more temporary alliances. The UK's departure has had considerable impact on how different member states view coalitions and alliances, or like-minded states, in the EU – it's an impact that is still unfolding and provoking considerable diplomatic and political reflection.

Smaller states understand that they have to work with bigger member states and not just with each other. Core EU strategies, notably the European Green Deal and related efforts to re-invent industrial strategy will not work without the backing of, and leadership from, France and Germany. But, as we have shown, smaller states can be influential in such major strategic policy areas and can play leadership roles over time, not least in the process of shifting policy and strategic attention to an area like climate change over time, and in terms of the crucial building blocks that then go into such strategies.

## **Section Two: Scotland's European Strategy and Lessons from Smaller EU States**

How then might the strategies of smaller EU member states relate to Scotland's situation today? Scotland is a small European country that is part of the multi-national state that constitutes the United Kingdom. The UK, including Scotland, has now left the European Union but is in a transition that keeps the UK inside the EU's single market and customs union until the end of 2020.

### **Devolution and Scotland's European Policies**

The Scottish parliament has a range of devolved powers including in important areas of EU policy notably the environment, agriculture and fisheries. How these powers will operate after the Brexit transition has been a source of considerable contention.

There has been debate over a Westminster 'power grab' in these areas. The EU Withdrawal Act 2018 brought EU law onto the UK statute books. It has

been described as a giant ‘cut and paste’ exercise.<sup>45</sup> The Welsh and Scottish governments both initially refused to give legislative consent to the Act as it brought EU powers in devolved areas back to Westminster. The UK government argued there would need to be some ‘common UK frameworks’ in areas including agriculture, environment and fisheries or the UK’s ‘internal market’ would be too fragmented post-Brexit. This was partly resolved in a compromise over how, whether and for how long ‘common UK frameworks’ would be created for. The Welsh government agreed to this but the Scottish government did not and the Act passed despite not having legislative consent from the Scottish parliament. By early 2020, these common frameworks had still to be determined, and indeed there is continuing and wider debate about what a UK ‘internal market’ means, once the UK leaves the EU single market at the end of 2020.<sup>46</sup>

The Scottish government did propose, at various points between 2016 and 2019, a more differentiated approach to Brexit – including proposing Scotland could remain in the EU’s single market and putting forward detailed proposals on how key aspects of migration policy could be devolved. These policy proposals have been repeatedly rebuffed by the UK government (under both Theresa May and Boris Johnson) and with no, or no serious, discussion or consideration of these proposals by the UK government.<sup>47</sup>

The UK has reserved powers in the area of foreign policy which encompasses European policy. Nonetheless, Scotland has developed a range of European policies and has an emergent European strategy. It has a cabinet secretary for external affairs, Europe and constitutional matters, currently Michael Russell MSP. And, as Nicola McEwen explains, the interests of devolved administrations in the UK in European policies has been recognised by the UK government in an informal memorandum.<sup>48</sup> Post-Brexit, there are now several open questions around whether, how and to what extent, Scotland can remain aligned to EU laws in the environment, agriculture and fisheries (all issues which are on the table in the UK-EU talks on their future relationship and will come up in other future UK trade deals).<sup>49</sup>

Several authors have argued that Scotland should develop a stronger and clearer European strategy even within the limitations of its devolved powers. Others have relatedly emphasised the para-diplomacy options and opportunities that Scotland could, and to a considerably extent does, employ.<sup>50</sup> This fundamental question of how smaller states can and do act and have influence, addressed in this paper, also relates to a wider, related and major body of research on how sub-states and regions position themselves and lobby in the EU (as well as much wider international research on these multi-level governance and constitutional issues).<sup>51</sup>

### **Independence in the EU**

The current Scottish government has the constitutional and political goal of becoming an independent state and rejoining the European Union.<sup>52</sup> First Minister Nicola Sturgeon has asked for the UK government to agree with her proposal to hold a second independence referendum in 2020. Boris Johnson has rejected this request and stated that there is no case for a second

referendum, despite Scotland's opposition to Brexit. While few imagine there will be a referendum this year, this constitutional question remains the central issue of Scottish politics.

Recent polls have shown support for independence currently ranging from 50% to 52%.<sup>53</sup> This compares to the result of the 2014 independence referendum where 55% voted 'no' and 45% 'yes' to independence (with polls at the start of 2014 suggesting support for 'yes' was around the mid-30s in percentage terms). The choice for Scotland has become starker, at whatever point it manages to exercise that choice: Scotland can either remain within the UK outside the EU or it can choose independence in the EU.

There has been much discussion and consideration of whether, under what conditions and how quickly, an independent Scotland could re-join the EU. In brief, if it were a European state, Scotland would clearly be eligible to apply to join the EU. If this request came relatively soon after Brexit, so there had been little divergence, negotiations could be relatively speedy (possibly in the region of 4-5 years).<sup>54</sup> However, there would be a number of potentially challenging issues including currency (if Scotland were using the pound sterling at the time of accession talks), the fiscal deficit of the newly independent state, and the land border between Scotland and England which would then be an external border of the EU. There would also be questions of how to manage the transition to independence and the transition to the European Union.<sup>55</sup> And any UK-EU deal on their future relationship would then need amending, with Scotland leaving the UK.

### **Lessons from Smaller EU Member States**

What lessons could Scotland today take from the experience of smaller member states, and what lessons might there be for a future independent Scotland?

The answer to this depends on the Scottish government's existing European approach and how that evolves. Now that Brexit has happened, the Scottish government would like to see a very close relationship between the UK and the EU. However, this is not the approach of the UK government, and despite consultative structures between the UK government and devolved administrations through the Joint Ministerial Committee in two configurations (Europe, and European Negotiations), there appears to be no serious or genuine dialogue at political or even increasingly at technical levels.

The Scottish government aims to use its existing tools and powers to maintain as strong a relationship with the EU and its member states as possible. It has a long-standing office in Brussels, and newer 'hubs' in Berlin, Dublin, and Paris (as well as other offices globally). It will aim to remain aligned to EU laws in key areas such as the environment. On Brexit day, the Scottish government published a short strategic document setting out its views on the EU's strategic priorities for 2020-2024 – emphasising tackling the climate emergency, human rights, a smart innovative economic strategy, and well-being.<sup>56</sup> This document also gave examples of what Scotland already does in these four areas. The principle message of the document was clear – the UK

is leaving the EU, but Scotland is a pro-European country and will remain engaged with Europe.

Given the Scottish government's overarching goal of independence, its European policies also have to be read in that light. Maintaining and developing good political, economic, social and cultural relationships in Europe, through intelligent para-diplomacy is a perfectly reasonable approach for a small European sub-state. But the Scottish government is also keen to ensure there is political understanding of their quest for independence and their wish, if they achieve that goal, to re-join the EU. There is now, in the face of Brexit, and compared to EU attitudes at the time of the 2014 independence referendum, considerably more openness to, and in some cases sympathy for that, goal in the EU.

Given this outline of Scotland's European approach, what can it learn from the ways smaller EU states operate in today's Union? As a sub-state outside the EU, Scotland has no seat at the table and no voice or vote there. Nonetheless, the analysis in Section One of this report has set out some of the extensive networking, influencing, lobbying and coalition-building strategies that smaller states use in an effort to have greater influence, especially in particular priority areas.

The message from this overview of smaller EU states' strategies may, in some ways, be daunting from a Scottish perspective. The amount of influence smaller EU states have and achieve, both formally and informally, is inevitably much bigger than that which Scotland could aspire to achieve in its current position. Nonetheless, there are several lessons which appear pertinent and feasible to apply (some of which indeed are already visible in Scottish European strategies).

Prioritisation and focus is clearly vital. A loose, 'soft' power approach focused on promoting Scotland as a country in terms of culture, tourism, trade may, for sure, be part of a mix of desirable policies – and may act to distinguish a pro-European Scotland from a Brexit UK. But if Scotland is, from outside the EU, to remain part of debates on climate, industrial strategy, human rights, let alone to have any impact on those debates, it will need a clear strategy and set of tactics as well as good monitoring of EU politics and policy developments.

It will also need to bring serious contributions to those discussions. It is well-placed to do so in some areas, such as its expertise and experience in various areas of renewable energy or some of its best practice work on human rights (exemplified by its National Task Force for Human Rights Leadership). The Scottish government will need to bring great clarity to its prioritisation if it wants to move beyond being, in a broad way, part of such networks and debates and to influence particular EU choices on specific topics. This will require marshalling more resources to monitor EU developments, to identify where Scottish ideas or priorities could best contribute or might be at risk of being obstructed.

Developing and maintaining relationships with the EU institutions and bilaterally with EU member states will need to be at the heart of any such strategy. This will be particularly the case for areas where the Scottish government aims to maintain its laws in alignment with EU laws. That Scotland already has, very recently, established ‘innovation and investment hubs’ in the two largest member states and in its nearest EU neighbour, the Republic of Ireland, is an astute move. A ‘Friends of Scotland’ group has also been established in the European Parliament which could provide a very positive and constructive route for a range of issues and initiatives. And the Scottish government paper on the EU’s Strategy 2020-2024 also emphasises how it will aim to work through bilateral and multilateral relations both within and beyond the EU, while also working domestically to encourage the UK government to take on board its priorities and concerns.

There may be scope to develop more such ‘hubs’ and that would need careful consideration of what would deliver the greatest potential value. The Netherlands is Scotland’s largest EU trade partner, and relatively close geographically. The Scottish government has also put considerable emphasis on developing its relationships with the Nordic and Baltic countries and with other countries on Arctic policy where it is seen by some to have been a key influence in the UK’s evolving Arctic policy.<sup>57</sup> Scottish-Irish relationships are also fairly strong, and there is currently a review, led by the two governments, of Scottish-Irish relations due to report in April.

It may make sense for Scotland, as a small country within the UK, to focus first on those nearer to it geographically in terms of its European bilateral relationships – beyond its hubs in France and Germany. But one lesson from our above analysis of smaller states, is the importance of also reaching out to more distant partners, seeing where there are common concerns or opportunities for reciprocal interest in particular areas.<sup>58</sup>

All the positive tactical lessons from how some smaller EU states approach influencing are also relevant to Scotland. To be positive and constructive, to arrive with solutions, to be timely/early, to build relationships for the long term and not just for a one-off benefit, to be concerned with the EU’s future as a whole and not just narrow self-interest, and so forth.

The challenge for Scotland in adopting and applying these lessons will be focus and choice. Scotland does not have the institutions or resources of a state, nor the power and voice of an EU member state. So it will need to match its European goals with a very realistic assessment of where and how its European relationship-building, networking and influencing strategy and limited resources can be best directed.

### ***Lessons for an Independent Scotland?***

In terms of the Scottish government’s independence aspirations, there are also potentially lessons here from the EU’s complex internal political dynamics. Building good relationships means being engaged with other countries’ concerns and outlooks, being constructive and open in engaging on any issues of joint concern, being open to compromise if that is relevant at

different points. And so the Scottish government's aim, to bolster understanding of its independence aims in different EU member states, is likely to be more successful the more that is done as part of a constructive, serious, well-developed European strategy in its current position as a devolved administration (and parliament) within the UK.

If Scotland became independent, then the lessons from smaller EU states drawn here would be relevant both to how Scotland might manage its relationship with the EU, after independence and before and during accession negotiations, and to how Scotland might situate itself as a new, small EU member state. Credibility and political capital as an EU member state would have to be built up steadily over time. There would be choices of how many resources to put in, and how soon, into bilateral embassies as well as into a Scottish permanent representation in Brussels. There would be a long and steep learning curve for operating within and across the EU's institutions – bolstered however, by Scotland's experience for 47 years within the UK and within the EU, including having had MEPs in the European Parliament and Scottish officials working across the EU's institutions. Nonetheless, operating as a state within the EU would require careful development of strategy, of alliances, of priorities and a recognition of the time it may take to get up to speed.

There would also be broad choices to make as a new EU state – and again looking at the choices made by other smaller EU states is instructive. Ireland, Finland and Portugal – having each joined in different decades from the 1970s to the 1990s – are countries that have chosen to position themselves in the EU's core, despite being on its geographical periphery. All three are in the euro, and both Ireland and Finland joined the euro, while their neighbours did not (the UK in Ireland's case, and Sweden and Denmark in Finland's case). Estonia established itself, even before joining the EU, as a digital leader, as well as showing itself adept at building relationships with its near Nordic neighbours. Meanwhile, Sweden and Denmark have stood back from the euro but have developed European strategies that, for example in the core area of climate change, have given them a certain, notable voice and influence.

So an independent Scotland would need to consider strategically where it wanted to position itself as a new, smaller EU state and the implications of those different choices. Would the role model (if there is one) be Ireland, Finland or Portugal? Or would it be Sweden or Denmark (though the latter, with its opt-outs and very specific social model is not easily, or probably at all, imitable)? And Scotland would need to be careful – both during accession and once in the EU – that its choices did not make it look like a small UK, given the legacy of Brexit. Fine, in the short term, that an independent Scotland would not qualify, in all likelihood, to join the euro, but not fine to look for multiple opt-outs or special treatment.

An independent Scotland in the EU would have as its nearest neighbour, the rest of the UK – a state outside the EU. Ireland would be its nearest member state neighbour and, like Ireland, Scotland would need to develop strategies to deal with its rather peripheral geographic location. Other not too distant

neighbours would be the Netherlands and the Nordic states and these are ones that Scotland is already building stronger relationships with. So building alliances, starting to contribute to constructive development and agreement of EU policies, developing influence and networks, all these and more would need to be on Scotland's priority list as a new EU member state.

Overall, Scotland's relationship with the EU in the immediate future is going to continue to be strongly affected by the UK's relationship with the EU. How difficult it will be for Scotland to continue to carve out, as it already is, a partially distinct European strategy, is an open question. But in doing that, there are many useful lessons to learn not only from the tactics of smaller EU member states but also through understanding the complex political dynamics, and the formal and informal channels, of today's EU. Many of those lessons are relevant both to the Scottish government's European policies today as a devolved administration in the UK, and to the strategic approach that would be needed if Scotland did set out on the path to independence in the EU.

## **Conclusion**

This paper has analysed the European strategies and tactics of a range of smaller EU member states in today's EU. The formal and informal processes and structures through which larger and smaller member states interact across the Union's institutions, strategies and policies are complex and dynamic. Smaller member states have a seat at the table, a voice and a vote. But developing influence in the EU is a complex political and diplomatic process and one that some member states are more effective at than others.

The EU's political dynamics and the ability to move forward depend both on strategic thinking and on consensus-building and a recognition of the importance of solidarity and compromise. That is not to deny hard-headed national interests and power politics are at play in today's EU. But the EU's unique and complex structures do not work in the face of long-standing, rigid and inflexible approaches from individual member states or groups of member states. Alliances of member states can and do help move the EU forward – but they can also at times act as a block. Many member states are also re-thinking their EU alliances and networking in the face of the UK's departure: this has shaken up the EU's political dynamics and this is still playing out.

Overall, many smaller member states see it as in their own interests to be proactive, constructive and compromising. They recognise the need to build reciprocal relationships with other member states (both large and small), as well as to work hard at finding areas – and alliances – of common interest to ensure their voices get heard and that they have influence.

There is much in smaller EU member states' strategies that Scotland can learn from, even as a small country outside the EU with the rest of the UK. How Scotland focuses and uses its limited resources and develops its own European strategy, within the context of its devolved powers and the Scottish government's independence ambitions, is a core question.

Building networks, being part of policy debates, and having some influence is a serious challenge from outside the EU. But focusing resources, setting priorities, building relationships with other countries and with EU institutions, being timely, pro-active, constructive and creative are all tactics used by smaller EU states that Scotland can (and in many ways already does) deploy too. And if Scotland does move towards independence and to re-joining the EU, it can learn much, both for its accession process and eventually as a new EU member state, from how smaller EU states today go about their influencing strategies.

## End Notes

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<sup>1</sup> This paper draws on a number of interviews with senior officials in a range of smaller and medium-sized EU member states, in the EU institutions and in Scotland. This paper also benefitted from the views of the participants at a joint Centre on Constitutional Change-Scottish Centre on European Relations roundtable held in Edinburgh on 29<sup>th</sup> January 2020. I am grateful to all those who took the time to discuss current EU dynamics and policies with me.

<sup>2</sup> See Kirsty Hughes (2019) “Scotland’s European and International Policies: Time for a Strategic Approach”, Policy Paper, *Scottish Centre on European Relations*

<sup>3</sup> For a recent concise overview of some of the issues see, for example, Tomáš Weiss, (2019) “A small state’s anticipation of institutional change: effects of the looming Brexit in the areas of the CSDP and internal market”, *European Security* 29(1): 1-15, 2020, doi: 10.1080/09662839.2019.1694510; Diana Panke (2015) “Small states in EU decision-making. How can they be effective?” in Harald Baldersheim, Michael Keating (Eds) *Small States in the Modern World: Vulnerabilities and Opportunities* (pp.59-71)

<sup>4</sup> Michael Keating (2020) “Small States in the Modern World: Opportunities and Vulnerabilities”, Comment, Scottish Centre on European Relations, February

<sup>5</sup> Eurostat (2019) “Population and population change statistics” *Eurostat Statistics Explained* July

<sup>6</sup> The emphasis Ireland puts on defending the powers of the Commission rather than over-developing the role of the European Council is discussed in Ben Tonra (2020) “Ireland as a small state success story in Europe?” Comment, *Scottish Centre on European Relations*

<sup>7</sup> Josef Janning and Almut Möller, (2019) “Untapped potential: How new alliances can strengthen the EU”, Policy Brief, *European Council on Foreign Relations*. Their in-depth work on cohesion and divergence in the shifting alliances within the EU has provided a major research resource. See also EU Coalition Explorer 2018: Results of the EU28 Survey 2018 on coalition building in the European Union *European Council on Foreign Relations*.

<sup>8</sup> Kirsty Hughes (2011) “European Politics and the Euro Crisis: Ten Failures” Policy Paper, *Friends of Europe*

<sup>9</sup> Kirsty Hughes (2020) “Smaller States’ Strategies and Influencing in the EU: Lessons and Choices for Scotland?”, Policy Note, *Scottish Centre on European Relations*

<sup>10</sup> Jonathan E. Hillman and Maesea McCalpin, (2019) “Will China’s ‘16+1’ Format Divide Europe?” Comment, *Centre for Strategic and International Studies*

<sup>11</sup> European Council (2019) *A New Strategic Agenda 2019-2024*, June, Brussels

<sup>12</sup> There are many other such documents from other member states – and indeed the Norwegian government (2018) “Norway in Europe. The Norwegian Government’s strategy for cooperation with the EU 2018–2021”, and more recently the Scottish

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Government (2020) “The European Union's Strategic Agenda 2020-2024: Scotland's Perspective”

<sup>13</sup> Government of the Netherlands, (2019) “Dutch priorities for the EU for 2019-2024”

<sup>14</sup> Swedish Government (2019) “A responsive European Union benefiting the citizen: Swedish priorities for the legislative period 2019–2024”

<sup>15</sup> Irish Government (2019) “National Statement on the European Union: Ireland's contribution to the European Union's Strategic Agenda 2019 – 2024”

<sup>16</sup> Mehreen Khan (2018) “New ‘Hanseatic’ states stick together in EU big league”, *Financial Times* 27 November

<sup>17</sup> Heather Grabbe and Kirsty Hughes (1998) Enlarging the EU Eastwards Chatham House

<sup>18</sup> Tomáš Weiss (2019) “A small state's anticipation of institutional change: effects of the looming Brexit in the areas of the CSDP and internal market”, *European Security* 29(1): 1-15, 2020, doi: 10.1080/09662839.2019.1694510;

<sup>19</sup> Juha Jokela (2020) “Deeper Integration and Constructive Engagement as Vehicles for Finnish Influence?” Comment, *Scottish Centre on European Relations*

<sup>20</sup> Ben Hall and Michael Peel (2020) “Brexit leaves EU's ‘orphans’ to fend for themselves” *Financial Times* 6<sup>th</sup> February

<sup>21</sup> Government of Ireland (2018) “Global Ireland: Ireland's Global Footprint to 2025”

<sup>22</sup> European Commission (2019) “The European Green Deal”, *Communication* 11 December, 640/final

<sup>23</sup> European Commission (2019) “Annex to the Communication on the European Green Deal Roadmap - Key actions” Com (2019) 640/final

<sup>24</sup> European Council (2019) “European Council meeting (12 December 2019) – Conclusions” CO EUR 31, CONCL 9

<sup>25</sup> European Commission (2020) “Proposal for a Regulation of the European Parliament and of the Council establishing the framework for achieving climate neutrality and amending Regulation (EU) 2018/1999 (European Climate Law)” *European Commission* COM 2020 80 final; Laurenz Gehrke (2020) “Greta Thunberg: EU climate law is ‘surrender’” *Politico.eu* 4<sup>th</sup> March

<sup>26</sup> European Commission (2020) “Committing to climate-neutrality by 2050: Commission proposes European Climate Law and consults on the European Climate Pact” *Press Release* 4<sup>th</sup> March

<sup>27</sup> European Commission (2020) “White Paper on Artificial Intelligence - A European approach to excellence and trust” COM (2020) 65/final

<sup>28</sup> CAN Europe “Climate and Energy Targets”, <http://www.caneurope.org/energy/climate-energy-targets>

<sup>29</sup> Aude Massiot (2020) “Climate action: the latest target of Europe's fossil fuel lobbyists”, *The Guardian* 4 March

<sup>30</sup> Nikolaj Skydsgaard (2020) “EU states call for speedy 2030 climate plan ahead of U.N. climate summit: letter”, *Reuters*, 3<sup>rd</sup> March

<sup>31</sup> European Commission (2020) “Proposal for a regulation of the European Parliament and of the Council establishing the Just Transition Fund”

<sup>32</sup> Anca Gurzu with Zoya Sheftalovich (2020) “Brussels sounds the alarm over climate plans” 10<sup>th</sup> February, *Brussels Playbook Politico.eu*

<sup>33</sup> See, for example, Pelegrin, Julie et al (2019) “How to tackle challenges in a future-oriented EU industrial strategy?” Report to the European Parliament's Committee on Industry, Research and Energy, and Rolf Tarrach (2019) “A European industrial strategy based on cooperation and curiosity”, Comment, *The Parliament Magazine*

<sup>34</sup> David Gow (2020) “Influencing the European Green Deal and Industrial Strategy: Leaders and Laggards among Small EU States”, Comment, *Scottish Centre on European Relations*, January

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- <sup>35</sup> CAN Europe (2019) “The Clock is Ticking! Insights into progress made by Member States so far in improving their draft National Energy and Climate Plans (NECPs)” *Climate Action Network Europe*, Brussels
- <sup>36</sup> David Gow (2020) “Influencing the European Green Deal and Industrial Strategy: Leaders and Laggards among Small EU States”, Comment, *Scottish Centre on European Relations*, January
- <sup>37</sup> European Commission (2018) “A Modern Budget for a Union that Protects, Empowers and Defends The Multiannual Financial Framework for 2021-2027”, *Communication COM (2018) 321 final*, 2<sup>nd</sup> May
- <sup>38</sup> Frédéric Simon (2018) “EU proposes 25% ‘climate quota’ in new long-term budget”, *Euractiv* 2<sup>nd</sup> May
- <sup>39</sup> BBC (2019) “Proposal to spend 25% of EU budget on climate change”, 8 May
- <sup>40</sup> Friends of Industry (2018) “Joint statement by France, Austria, Croatia, Czech Republic, Estonia, Finland, Germany, Greece, Hungary, Italy, Latvia, Luxembourg, Malta, Netherlands, Poland, Romania, Slovakia, Spain” 6<sup>th</sup> Ministerial Meeting, Paris, December
- <sup>41</sup> “A Franco-German Manifesto for a European industrial policy fit for the 21st Century” (2019)
- <sup>42</sup> Florian Eder with Zoya Sheftalovich (2020) “Losing patience with Vestager”, *Politico Brussels Playbook* 6<sup>th</sup> February
- <sup>43</sup> Diana Panke (2015) “Small states in EU decision-making. How can they be effective?” in Harald Baldersheim, Michael Keating (Eds) *Small States in the Modern World: Vulnerabilities and Opportunities* (pp.59-71)
- <sup>44</sup> Michael Keating, Nicola McEwen and Malcolm Harvey (2014) “The Role of Small States in the European Union: lessons for Scotland”, written submission from Economic and Social Research Council, Scottish Centre on Constitutional Change to Scottish Parliament Committee on European and External Relations Committee
- <sup>45</sup> Maddy Thimont Jack (2018) “EU Withdrawal Act 2018” *Institute for Government*
- <sup>46</sup> Michael Keating (2020) “The Internal Market” in *Brexit and the Union Centre on Constitutional Change*; Kirsty Hughes (2020) “Can Scotland forge its own relationships in Europe?” *Prospect* 25 February; Kirsty Hughes and Katy Hayward (2018) “Brexit, Northern Ireland and Scotland: Comparing Political Dynamics and Prospects in the Two ‘Remain’ Areas”, Policy Paper, *Scottish Centre on European Relations*
- <sup>47</sup> Scottish Government (2016) “Scotland’s Place in Europe”; Scottish Government (2020) “Migration: Helping Scotland Prosper”; Kirsty Hughes (2020) “Can Scotland forge its own relationships in Europe?” *Prospect* 25 February
- <sup>48</sup> Nicola McEwen (2020) “Brexit: Exposing the Limits of Devolved Authority” in *Brexit and the Union Centre on Constitutional Change*
- <sup>49</sup> Michael Keating (2020) “The Internal Market” in *Brexit and the Union Centre on Constitutional Change*; Kirsty Hughes (2020) “Can Scotland forge its own relationships in Europe?” *Prospect* 25 February
- <sup>50</sup> See the following chapters in Kirsty Hughes (Ed.) (2019) *The Future of Europe: Disruption, Continuity and Change*, Report, *Scottish Centre on European Relations*: Kirsty Hughes (2019) “Europe’s Future in the Face of Systemic Challenges”; Michael Keating (2019) “Scotland in Europe: Future Prospects”; and Daniel Kenealy (2019) “The EU’s Foreign, Security and Defence Policies in an Unstable World”. Also, Kirsty Hughes (2019) “Scotland’s European and International Policies: Time for a Strategic Approach”, Policy Paper, *Scottish Centre on European Relations*
- <sup>51</sup> Michael Keating is one leading author in this field – see, for example, Michael Keating (2017) “Europe as a multilevel federation” *Journal of European Public Policy* vol. 24; Jacint Jordana, Michael Keating, Axel Marx, and Jan Wouters (Eds) (2019), *Changing Borders in Europe*, Routledge. For a recent set of case studies on third countries and regions’ lobbying towards the EU see Anthony Salamone (2019)

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<sup>52</sup> See Kirsty Hughes (2019) “Independence, Scotland and EU Accession: Challenges Ahead?”, Policy Paper, *Scottish Centre on European Relations*; Kirsty Hughes and Tobias Lock (2017) “An Independent Scotland and the EU: What Route to Membership?” *European Futures website*; Fabian Zuleeg (2019) “The EU’s Scottish Question”, Policy Brief, *European Policy Centre*; Kirsty Hughes (2020) “Scotland’s Shifting Politics in the Face of Brexit” Comment, *Federal Trust*; Kirsty Hughes (2020) “Brexit, Scotland and Europe” in *Brexit and the Union*, *Centre on Constitutional Change*; Kirsty Hughes (2016) “Scotland and Brexit: shockwaves will spread across the EU” Policy Paper, *Friends of Europe*

<sup>53</sup> See Survation poll 3 February 2020; YouGov poll 27 January 2020; Panelbase poll 31 January 2020.

<sup>54</sup> Kirsty Hughes (2019) “Independence, Scotland and EU Accession: Challenges Ahead?”, Policy Paper, *Scottish Centre on European Relations*; Kirsty Hughes and Tobias Lock (2017) “An Independent Scotland and the EU: What Route to Membership?” *European Futures website*

<sup>55</sup> Kirsty Hughes (2020) “Brexit, Scotland and Europe” in *Brexit and the Union*, *Centre on Constitutional Change*

<sup>56</sup> Scottish Government (2020) “The European Union’s Strategic Agenda 2020-2024: Scotland’s Perspective”

<sup>57</sup> Scottish Government (2019) “Arctic Connections: Scotland’s Arctic policy framework”; Scottish Government (2017) “Nordic Baltic Policy Statement”; the Scottish Government also supported a series of events ‘Nordic Horizons’ organised over several years by journalist Lesley Riddoch.

<sup>58</sup> The question of which smaller states could be an interesting role model for Scotland’s economic policy was addressed in The Sustainable Growth Commission (2018) “Scotland – the new case for optimism: A strategy for inter-generational economic renaissance”. This report, looking at the growth prospects for an independent Scotland, argued that Denmark, Finland and New Zealand showed a particularly positive and relevant approach (looked at in the context of smaller states per se rather than with reference to the EU).