

## Preparations for a Brexit: views from Denmark, Italy, the Netherlands, Slovenia and Spain

*If Britain votes to leave the EU it will have to negotiate its exit and a new post-withdrawal relationship with the EU, one that will have to be agreed by the remaining 27 EU member states and the European Parliament. What positions might they take in the negotiations? Over the next few weeks the LSE's BrexitVote blog will be running a series of overviews from each member state and the European Parliament setting out what positions they might take. Written by authors based at universities and research institutions across Europe, and compiled by the LSE's **Tim Oliver**, the overviews build on his **introductory piece** which sets out the various negotiations the EU will undertake in the event of a British exit. This post is the first in the series and gives views from Denmark, Italy, the Netherlands, Slovenia and Spain.*



### Denmark: Quiet but clear support for a close UK-EU arrangement

Denmark has been one of the staunchest supporters of the UK's demand for renegotiation of the British terms of membership. The current Danish government which was elected in June 2015 has been supportive of the substance of the British demands and, in a more fundamental sense, the UK's basic approach strikes a chord with the Danish government. The reason for this has historical roots as expressed by the Danish foreign minister, Kristian Jensen, in the Folketing on 29 March 2016:

*Denmark and the UK have a close historical relationship, ... we entered the EU at the same time ... we have been accompanying each other and we have had joint priorities on the way in the struggle to ensure that the EU was ... efficiently managed ... with a focus on competitiveness [and] job creation, and we often see eye to eye....from a Danish point of view an EU without the UK will be a different EU, a weaker EU...without the same cultural plurality... and ... political impact.*

On the same a day a significant majority in the Folketing gave its support to continued UK membership of the UK in a resolution supported by the government. The EU-critical Danish People's Party abstained (because they wanted a more EU-critical resolution) but made clear that they also wanted the UK to stay in the EU where the UK would continue to fight for reform.

However, there are no signs that the present Danish government would seek more opt-outs than Denmark already has, and thus follow the UK. There are no plans for a similar referendum (even if the left-wing Unity List and the right-wing Danish People's Party would like to see one). Under the present government, one would expect Copenhagen to seek as many cooperative agreements with the UK as possible. Danish governments since the Cold War have attempted to get as close to the EU core as possible given the Danish exemptions, thus leaning more towards the EU core countries rather than maintaining the traditional orientation towards the UK. But with the new trends in Europe, the current Danish government's significant change in its political course, and the general popular skepticism towards the EU (as expressed in the Danish **no vote** on 3 December 2015), Copenhagen has been leaning more heavily towards London. Together with the traditional reasons for being close to UK, this is likely to lead to strong support for keeping as many political and economic links as possible to the UK in the event of a Brexit.

Although the UK's position in Danish exports has fallen from the first (at the time of EC membership) in 1973 to the third position, just above the US in 2016, one would expect Danish support for an arrangement which would facilitate UK trade with the EU. Given the significant overlaps in views on the value of free trade, Denmark would presumably seek UK's close involvement in the internal market. It would also argue for close cooperation between the EU and the UK on international trade issues. A European Economic Area (EEA) style arrangement may be an aim. Although less likely to be possible, Copenhagen would also support a say for the UK on issues relating to the implications of Euro-zone legislation for non-Euro countries.

Denmark and the UK both have a strong Atlantic inclination. Denmark will no doubt seek substantial UK involvement in the foreign and security policy of the EU; it will aim to institutionalise close political consultations at least as strong as in the relationship between EFTA and the EU. It will also promote close British association with the ESDP, even if Denmark will have less clout in this field due to the Danish defence exemption. Copenhagen will also continue to stress the importance of a good relationship between the EU and NATO. This has always been the Danish line, but will be even more relevant with the UK outside the EU but in NATO.

One area in which Denmark may take a tougher stance towards the UK is on fisheries. Here Copenhagen will see that UK access to the Danish/EU parts of the North Sea fish stocks are matched with an equivalent access to British fish stocks in a *quid pro quo*.

It will still be part of Copenhagen's overall approach to the EU to prevent further withdrawals. The dominant Danish view is that the EU is essential for Denmark for economic and political reasons even if little European mythology is explicitly expressed. So the general attempts to keep the UK as closely involved with the EU as possible will be balanced against concerns for keeping the EU as a working political and economic structure in Europe. The Danish support for a close UK association with the EU if the UK leaves the EU is therefore likely to be clear but have a low profile – not unlike the Danish stance in the UK renegotiation process up until now.

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## **Italy: Supports EU Integration with or without the UK**

In a UK-EU exit negotiation, Italy might well adopt a pragmatic attitude and pursue its national interests, leaving aside other political considerations. The Italian government will want to avoid any deal that limits British access to the single market and which could negatively affect economic relations between the two. Indeed, Italy is the UK's seventh largest supplier and trade relations between the two have been extremely positive, with Italian exports increasing by 7.6% in 2015. Yet, Italy will not overlook how the UK is also interested in maintaining positive economic relations with the single market. In this situation, Italy might ask to trade British access to the single market with concessions from the UK in the fields of security and migration.

Certainly, a Brexit deal has the potential to carry major political and economic challenges. The major political risk that the Italian government envisages is a domino effect, which would see other

countries follow the UK by asking for a renegotiation or withdrawing from the EU. There might be some internal political repercussions as well. Indeed, if the EU agrees to a generous exit-deal, it could make Brexit a valuable choice in the eyes of Italian citizens, whose hopes for a brighter future as a member of the EU have been declining. Moreover, Italian Eurosceptic parties could exploit any such deal to acquire political legitimacy at a national level, by criticizing the government's incapacity to pursue, like the UK, more flexibility in managing national economic and security policies.

Nevertheless, Italy could also benefit from a UK withdrawal. Although Prime Minister Renzi has been maintaining that there cannot be an EU without the UK, he might use the British exit to advocate the need for comprehensive reforms to the European political and economic system such as those envisaged in the recent [plan for the future of the EU drafted by the Italian government](#). Moreover, in February 2016, in a meeting with the six founding countries of the EU, Italian Minister of Foreign Affairs Paolo Gentiloni underlined the need for differentiated integration among member countries which could allow a core group to integrate more at political and economic levels. Without EU membership, the UK will be unable to stop any integration project. Moreover, anti-EU positions held by other eurosceptic countries, which traditionally found in Britain a valuable ally when it came to blocking or delaying plans for integration, will be weakened. Similarly, Italy could push the EU to abandon many political actions backed by the UK, which were to its disadvantage. For instance, without UK support, the recognition of the "market economy status" of China, which is considered extremely dangerous for Italian businesses, could be delayed.

To sum up, from an Italian point of view, a Brexit might certainly hamper the already fragile European political and economic stability. Yet, since there is little that can be done to block such eventuality, Italian input to a potential UK–EU negotiation would be based on national interests to maintain good relations with the UK while also boosting European integration. Indeed, any potential European institutional crisis caused by a British exit could be advantageous for Italy as it might allow a much-needed set of political and economic reforms that revamp the process of EU integration.

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### **The Netherlands: Helpful, but no blank check**

The Netherlands is concerned about the implications of Brexit for economic and political reasons. The UK has a trade deficit with the Netherlands and Brexit could lead to new trade barriers with the single market. So Dutch exports could suffer following a vote to Leave. An additional negative effect is that much of Britain's trade with the EU transits through the Netherlands (en route to Germany or beyond, and vice versa). The UK is also the third largest source of FDI in the Netherlands. Taken together this suggests that The Hague would be interested in offering the UK access to the single market.

But this would not be a blank check. The Dutch government would likely demand Britain pay in to the EU budget in return for market access. Furthermore, the Netherlands would welcome Britain's trade in goods, but services might be viewed differently. Changes to the European services landscape post-Brexit could benefit the Dutch: Brexit could push business services from the UK to the continent, including to the Netherlands. It could also lead to UK-based firms deciding to relocate (part of their operations) to Amsterdam or Rotterdam, cities that compete with the UK's professional services trade.

In a withdrawal negotiation, the Netherlands would push for guarantees that Dutch workers in London and elsewhere would not be disadvantaged. But the Dutch government might be more lenient than other member-states and allow for some British restrictions on the freedom of movement of workers. It is a concern The Hague shares with Westminster.

Politically, the Dutch government favours British EU membership to help check statist or protectionist tendencies in the EU. Historically it also relied on London's help to balance against a German-French caucus. The Hague was a fierce proponent of British EU membership in the 1970's and so it might welcome the UK's continued involvement in EU politics. But in a withdrawal negotiation, the Dutch would be wary of setting a precedent for 'a Europe à la carte', and rewarding a British Leave vote with London's ability to cherry-pick those parts of the Union it likes. As it faces a rise in eurosceptic sentiment at home, The Hague would want to avoid giving ammunition to those that seek a Dutch referendum on EU membership.

Ultimately, Brexit would cause European countries to reposition themselves, and with Britain's withdrawal the Netherlands would start to lean more towards Germany. Berlin, more than London, would shape how the Dutch approach the withdrawal talks.

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### **Slovenia: Hoping for a remain vote**

The Slovene government wants the UK to stay in the EU. Firstly, a Brexit would have direct negative implications for the Slovene economy. Even though bilateral trade is not substantial, Slovenia has an important trade surplus with the UK. In addition, Slovenia could also be negatively affected through intermediate trade, e.g. in the automotive sector. A British exit would also send negative signals to the capital markets. Even if an immediate EU-UK agreement on trade followed an exit vote, economic relations would still suffer from temporary instability. In the renegotiation process, political blockades could occur. As a small and open economy, Slovenia would be relatively more exposed than others.

A Brexit would also have political effects. During the UK-EU renegotiation, the Slovene government, run by the centre-left coalition under the leadership of Miro Cerar of the 'progressive liberal' Modern Centre Party, demonstrated understanding for the position of the UK's Prime Minister David Cameron. But it did not want to state openly its views on Cameron's EU reform proposals due to the negative attitudes of the Slovene public which perceived Cameron's arguments as anti-European and populist. When the proposed renegotiation agreement was published, Cerar adopted a more proactive policy, arguing in favour of the need to make a reasonable compromise to keep the EU together, thus trying to demonstrate his ability as a player in the European diplomatic field, and preparing terrain for the renegotiation deal to be accepted at home in Slovenia. The deal was largely considered acceptable. The renegotiation did not create additional political blockades to further economic and political union, and the proposed restrictions to the social rights of EU citizens are yet to be fully defined. There was even some support in Slovenia for strengthening the powers of national parliaments in the EU's legislative procedures.

From the Slovene perspective, it is now essential that the result of the referendum is a vote to remain. If not, the Slovene government worries the perceived strength of the EU will be called into question. The negative consequences of the political crises the EU has faced during the past few years are already showing in the loss of the attractiveness of the EU in the Western Balkans. The credibility of the EU is essential for stability and development of this region that is strategically important for Slovenia, not least from an economic perspective.

Due to its relatively small size and asymmetric relationship with the UK and other large EU powers, in the process of resetting EU-UK relations Slovenia would be in a weak position. It would be shaped by the positions of the UK and other large member states. However, negative public opinion of the UK in Slovenia would strengthen. This would put the Slovene government in an unfavourable position towards granting concessions to the UK.

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### **Spain: Brexit will be seen through domestic politics**

Although a slow and fragile economic recovery seems to be gaining pace, political uncertainty after the results of General Elections held on 20 December 2015 is keeping Spain locked in an inward attitude towards the future of the European Union, with or without Britain. Except, that is, on the issue of migrants.

On the one hand, Spanish workers living in Britain are concerned about their rights as regards social benefits and free movement. During the European Council meeting held in February, Spain's care-taker government had only one goal in mind: to limit the restrictions of access to social assistance to new workers and avoid any retrospective measure effecting the EU (Spanish) migrants currently in Britain. Even though this was agreed, it will only be applied if the UK remains in the EU. Otherwise, the Spanish government will have to renegotiate migrants' rights in Britain as well as reciprocity in both social security systems.

At the same time, Britons living on the sunny Spanish coasts are **more worried** than Spaniards about the direct implications of a British EU exit on their daily lives. Over a million Britons, most of them retired, live regularly in Spain and have access to healthcare, public services and even unemployment benefits, thanks largely to the guarantees provided by EU law. If Britain leaves, then Britons resident abroad will not be able to presume that their rights are guaranteed anymore under the same conditions.

Last but not least, economic relations will also become a hot topic in the event of a Brexit. While Britain is the **first country of destination** for Spanish foreign direct investment, Spain is the tourist destination par excellence with more than **fifteen million** visitors annually. Spain will never defend a **'less Europe' strategy for itself**, but if Brexit becomes a reality any Spanish government, whether led by a grand coalition, a left-wing coalition of parties or even a Conservative government under Prime Minister Mariano Rajoy, will have to defend Spaniards' economic and migration interests.

However, citizens and party leaders in Spain are today only concerned with domestic political and economic affairs. The only date on the calendar for Spain's future is not 23 June but 26 June when Spain will most likely face fresh national elections.

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