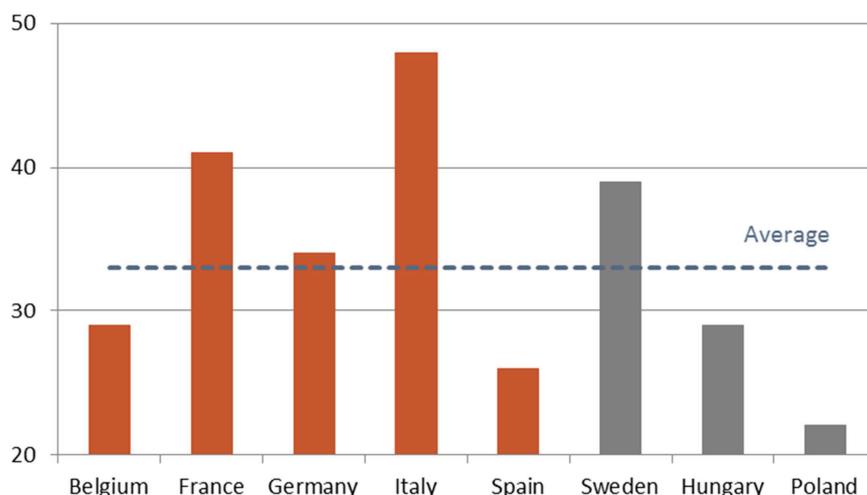


After the Brexit vote: assessing the domino risks

- **Domino risks:** In this report, we look at the tail risk that key Eurozone members may decide to leave the euro or that Sweden or Denmark may vote themselves out of the EU. If the UK chooses to stay in the EU, markets will likely shrug off most of the residual risks in Europe. In the case of a vote for Brexit, however, markets may overreact to other European risks instead, with a potential focus on Italy.
- **The British precedent:** The UK has set a precedent. It first extracted promises from the EU to change the rules of the club in its favour. It then put its membership on the line by calling a referendum. For a guide to the potential Brexit impact on the UK and the EU, see our [Brexit brief](#).
- **Not an acute risk yet:** The EU and the euro are less popular than they used to be. However, we expect the major European countries to come through the 2017-19 election cycle without anti-euro or anti-EU forces taking power or being in a position to call a copy-cat referendum. That gives Europe time to let moderate economic growth and falling unemployment blunt the populist edge.
- **Very safe places:** We see a very low euro exit risk in Germany, Belgium and Spain. The risk also looks rather low in Portugal and Greece. For Greece, this holds as long as its government honours most of its commitments to its official creditors.
- **Still quite safe:** We find no more than a moderate risk of eventual euro exit in the Netherlands, Austria and Finland, and of EU exit in Sweden and Denmark. Right-wing populists are riding high in the polls in Austria and the Netherlands with an anti-immigration message. But they remain far away from gaining a majority for a fundamental and highly disruptive decision, such as leaving the euro.
- **The Italian question:** The risk looks more noteworthy in Italy, partly because the country currently lacks a coherent centre-right opposition. The fate of centre-left Prime Minister Matteo Renzi is at stake in an October 2016 referendum on constitutional reform. But even for Italy, a parliamentary or popular majority for an EU exit or to leave the euro remains rather unlikely.
- **Risk of partial paralysis:** The more pertinent risk may not be that of a wave of votes on whether to leave the euro or the EU. Instead, we have to brace ourselves for more small-scale initiatives, such as those of the Dutch April 2016 referendum on Ukraine. A vocal minority of voters may vent its frustration by trying to obstruct any change to the current European status quo. That would make it more difficult for the EU to adjust to new challenges. However, the EU and the Eurozone have developed instruments to deal with such small-scale upsets.

Chart 1: Who would vote to leave the EU in a referendum, in %



"If there were a referendum now on whether your country should stay in or get out of the European Union, how would you vote?", share of "get out" responses in %, non-euro members in grey. Source: Ipsos Mori Brexit poll May 2016

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The British precedent

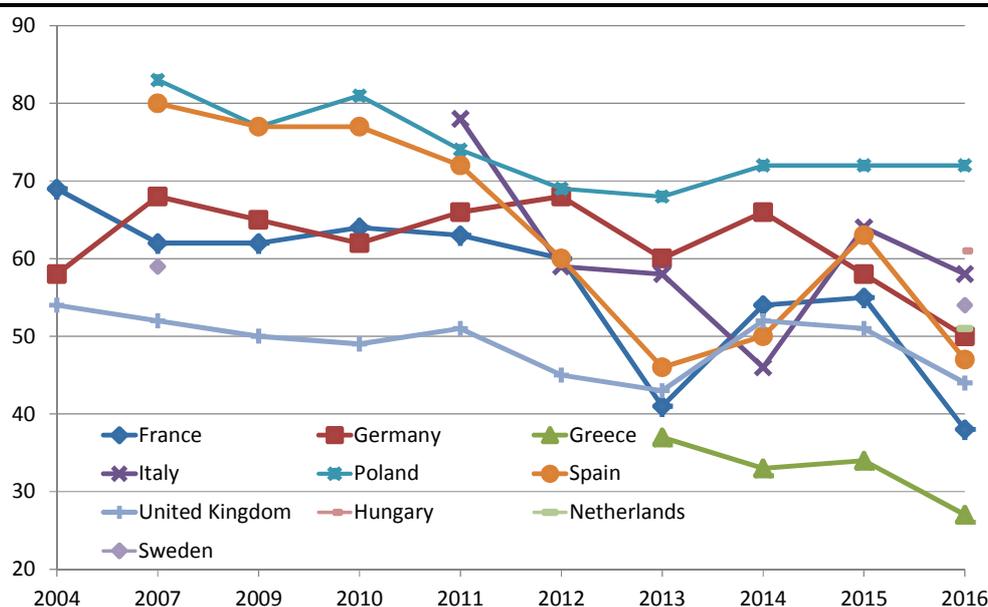
The UK has set a precedent. It first extracted promises from its EU partners to change the rules of the EU in its favour, threatening to leave the union otherwise. It then scheduled a referendum on staying in or getting out of the club. Both actions broke what had been considered as acceptable behaviour within the club until then. Whatever the outcome of the Brexit referendum on 23 June 2016, the UK has raised an obvious question: who could be next? Answering this will be even more pressing if Britain leaves. But, even if it does not, the genie may be out of the bottle.

In this report, we summarise some of the key facts about the EU or euro exit risks for key EU members. We look at attitudes to the EU, at the likelihood that a country may want to follow the example of the UK and at the procedure that may potentially lead to a referendum on the euro or the EU in key member countries.

The degree of EU-scepticism

European integration is less popular than it used to be. A backlash against immigration and other supposed indignities of globalisation and the pains of post-crisis fiscal repair have strengthened “anti-establishment” populists across the western world, in the US as well as in Europe. Chart 2 shows some erosion of support for the EU over time as measured by a Pew Research survey.

Chart 2: Favourable attitude towards the EU, in %



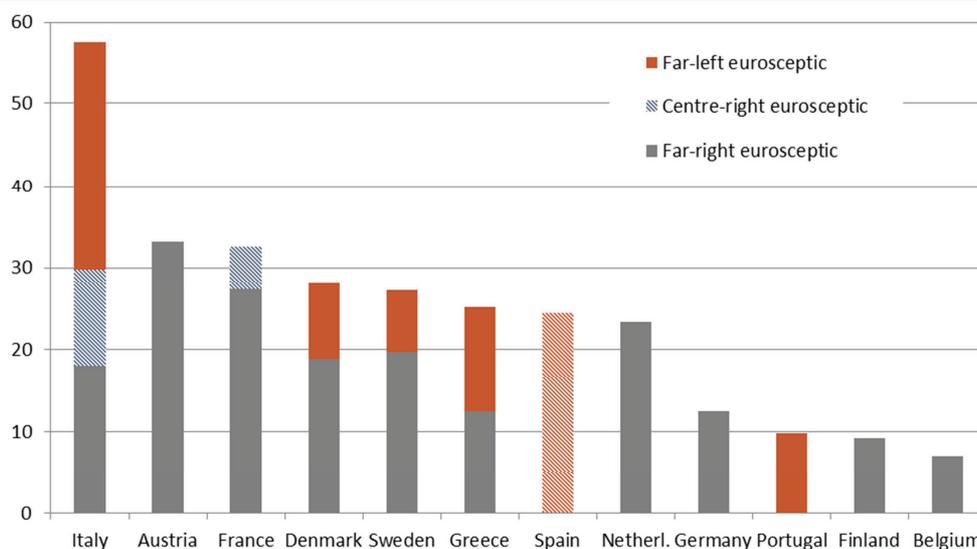
Respondents were asked if they “have a very favourable, somewhat favourable, somewhat unfavourable or very unfavourable opinion of the European Union”. The chart shows the share of respondents that answered either very favourable or somewhat favourable, in %. Source: Pew Research Spring 2016 Global Attitudes Survey

As usual, survey data have to be interpreted with caution. For example, having an unfavourable view of the EU need not translate into a desire to leave the club or the euro. After six years of crisis, many Greeks are unhappy about the EU. But they like the alternatives even less.

Interestingly, support for the EU remains rather strong in Hungary and Poland, although both countries are now governed by centre-right parties with a clear populist streak and occasional anti-EU rhetoric.

Political parties that are highly critical of the EU or the euro, or that are in favour of holding a referendum on staying in the euro, command significant political support (chart 3).

Chart 3: Support for anti-EU or euro-sceptic parties in national opinion polls, in %



Italy: Lega Nord, Fdl, Forza Italia (striped), Five Stars; Austria: FPÖ; France: Front National, DLF (striped); Denmark: DPP, Red-greens; Sweden: Sweden Democrats, Left Party; Greece: Golden Dawn, LAEN, EE, KKE, PE; Spain: Unidos Podemos (striped); Netherlands: PVV, SGP; Germany: AfD; Portugal: BE; Finland: PS; Belgium: Vlaams Belang; relevant parties only; average of last five polls; striped means position somewhat unclear. Source: national opinion polls, Wikipedia, Berenberg calculations.

Detailed survey data from Ipsos Mori (Brexit poll May 2016) show that attitudes to the EU often vary by household income, education levels and other socio-economic factors. On average, better pay and higher education make people more likely to favour staying in the EU (73% and 74% for high income and for college-education households, respectively, versus 65% and 58% for respondents with comparatively low income levels and lower formal education levels). The age of the respondents seems to play a smaller role.

How to hold a referendum?

As sovereign nations, EU members can decide at any time that they want to leave the club, even if the actual divorce may then take a while. The decision ultimately rests with those who make the laws of the country. This is usually the national parliament, except in some special cases where a referendum can override the will of parliament. A decision to leave the EU or the euro could come about in different ways:

- If anti-EU forces win a majority in parliament and want their country to leave, they can pass a law to that effect.
- In some countries, a law to leave the EU or – possibly – the euro would imply an amendment to the constitutions of those states. In some cases, constitutional amendments are to be approved by a referendum (mandatory referendum), in others the parliament has the choice to call a referendum, but is not obliged to do so (optional referendum). That would slightly reduce the risk that, after an election victory of anti-EU or anti-euro forces, the country would actually leave the EU or euro, as some voters may have second thoughts about it in a referendum.
- If parliament cannot or does not want to make up its mind, a majority in parliament can, in some cases, ask voters to advise on or decide the issue in a referendum (consultative referendum). The UK chose this avenue by calling an “in or out” referendum on EU membership that is merely advisory but will likely be treated as binding by its parliament. Having the option to call such a referendum can raise the risk of exit, as it has in the case of the UK.
- In some countries, a minority in parliament, a certain amount of voters or regional representatives can call a referendum. Apart from a few exceptions in which a so-called “citizens’ initiative” can invoke a referendum without needing parliament to vote on or approve it, parliament would have to approve the referendum request. The outcome of such a referendum may be advisory or binding. The possibility to call such a referendum does increase the risk that a country may leave.

- In some countries, a minimum number of voters can ask parliament to put an issue on its agenda (agenda initiative). But after debating it, parliament may simply dismiss it.
- A crucial question is whether a referendum can only be called for a change to the status quo that parliament is considering, for example the EU-association agreement with Ukraine that Dutch voters rejected in a non-binding referendum with a low turnout in April. Or can minorities in parliament or a certain number of voters initiate a referendum on changing the status quo, too? In other words, can a minority table a referendum on leaving the euro or the EU against the wishes of a parliamentary majority?

With that in mind, we take a look at the situation in major European countries.

Leaving the EU or the euro? Risk factors by country

We look at key euro members as well as Denmark and Sweden, which are often seen as sharing some traits with the UK. Table 1 summarises the key risk factors and gives our overall assessment, which we explain in more detail country by country in the text thereafter.

Table 1: Risk factors at a glance

	Positive view of EU, in %	Anti-EU or euro-sceptic populists, in %	Current government	Next general election	Referendum risk	Comments
Austria	n.a.	33.2	Centre-right with centre-left	2018	moderate	referendum and agenda initiative possible, special rights for parliamentary minority
Belgium	n.a.	7.0	Centre-right coalition	May/June 2019	very low	no referendum possible
Denmark	n.a.	28.1	Centre-right with right-wing (minority government)	Jun 19	moderate	referendum possible, special rights for parliamentary minority
Finland	n.a.	9.2	Centre-right with right-wing	Apr 2019	moderate	referendum and agenda initiative possible
France	38.0	32.5	Centre-left	Apr/May 2017	moderate	referendum possible
Germany	50.0	12.5	Centre-right with centre-left	Sep 2017	very low	no referendum possible
Greece	27.0	25.2	Left-wing with far-right	20 Oct 2019	low	referendum possible
Italy	58.0	57.5	Centre-left	23 May 2018	still moderate	referendum, citizens' and agenda initiative possible, special rights for parliamentary minority
Netherlands	51.0	23.4	Centre-right with centre-left	15 Mar 2017	moderate	referendum and agenda initiative possible
Portugal	n.a.	9.8	Centre-left (minority government) with left-wing support	Oct 2019	low	referendum and agenda initiative possible
Spain	47.0	24.5	Centre-right	26 Jun 2016	very low	referendum and agenda initiative possible
Sweden	54.0	27.2	Centre-left coalition (minority government)	9 Sep 2018	moderate	referendum possible

Cells are coloured in different scales depending on their contribution to the overall referendum risk. The number for "positive view of EU" adds up the "very favourable" and "somewhat favourable" ratings for the EU in the Pew Research survey. Numbers for anti-EU or euro-sceptic populists refer to national opinion polls. For Spain, we quote support for radical left Unidos Podemos. This exaggerates the risk as the position of Unidos Podemos is more anti-reform and anti-austerity rather than anti-euro. For further explanation on anti-EU parties see note below Chart 2. An agenda initiative enables citizens to submit a proposal which must be considered by the legislature but is non-binding and usually not put to a referendum. "Special rights for parliamentary minority" applies to those cases where after a vote in parliament on a new law, on a constitutional amendment, etc. a minority in parliament can trigger a referendum. Source: Pew Research, national opinion polls, national constitutions, International Institute for Democracy and Electoral Assistance, Wikipedia, Berenberg.

Germany: very low risk

Opinion polls: The Pew survey shows a significant degree of unease about the EU (50% favourable towards EU). However, polls of voting intentions suggest that the mainstream parties that are backing the country's pro-EU and pro-euro stance (centre-right CDU/CSU, centre-left SPD, Greens and the liberal FDP) would continue to win more than 75% of the seats in the national parliament between them.

Next general election: The term of the current parliament backing the grand coalition of centre-right CDU/CSU and centre-left SPD under Chancellor Angela Merkel runs until September 2017. The risk of early elections is extremely low. Despite significant losses for Ms Merkel's CDU/CSU party from 41% a year ago to 33% now amid concerns about the government's immigration policy, opinion polls and the current political dynamic suggest that she will likely remain chancellor even beyond 2017, either at the helm of a renewed grand coalition with the SPD or – slightly more likely – in an alliance with the Greens, and possibly the liberal FDP.

Referendum risk: A referendum on leaving the EU or the euro is virtually impossible in Germany. A referendum could only be an instrument to ratify such a wholesale change to the German constitution that it qualifies as a new, rather than just an amended, constitution. To call a referendum to change the status quo, that is to revoke Germany's membership in the EU or euro, is not possible under German law.

France: moderate risk

Opinion polls: In the Pew survey, the share of respondents with a favourable opinion of the EU has fallen to just 39%. According to Ipsos Mori, 55% of the French would like to have a referendum on EU membership and 41% would vote to get out. Parties with an anti-EU or anti-euro agenda, or those at least advocating a referendum on the euro, could obtain more than 30% of the vote in national elections, led by the ultra-right Front National. However, opinion polls also indicate that staunchly pro-European reformers, such as Finance Minister Emmanuel Macron, Prime Minister Manuel Valls and the possible centre-right presidential candidate Alain Juppé, are among the most popular politicians in the country and could score well in the second round of elections next spring.

Next general election: The centre-right looks well placed to win the next regular presidential election in April and May 2017, followed by a parliamentary election immediately thereafter. The centre-right would replace the current centre-left administration under President François Hollande, whose popularity rankings hover around a dismal 15%. Early elections cannot be ruled out if the government were to lose a confidence vote in parliament tied to controversial labour market reforms. But that still looks quite unlikely.

Referendum risk: In France, constitutional amendments or the accession of new members to the EU need to be ratified by a referendum unless parliament approves these changes with a super-majority of at least 60%. With the backing of parliament, a French president could call a referendum on EU or euro membership. Whereas we consider that unlikely, we cannot rule it out completely. It would become an option if anti-euro populists were to win national elections first. On 29 May 2005, French voters shocked Europe by rejecting the proposed EU constitution with a 55% to 45% majority. In the end, the EU ratified a slimmed down version of the draft constitution as the Treaty of Lisbon two years later.

Italy: so far still a moderate risk

Opinion polls: Italy is a special case and a focus of potential concerns. The traditionally very pro-European country has become more euro-sceptic after years of economic stagnation and painful fiscal repair. Opinion polls send a somewhat mixed message. According to Ipsos Mori, 58% of Italians would like their country to stage a referendum on EU membership. 52% of them would vote to stay in the EU. According to Pew, however, 58% of Italians still view the EU favourably. In opinion polls, Prime Minister Matteo Renzi's centre-left PD remains the strongest party, with about 32%. However, the next three parties, namely the populist left "Five Stars" movement (28%), the radical right Lega Nord (14%) and Fratelli d'Italia (5%) and the remnant of former prime minister Silvio Berlusconi's Forza Italia (12%) are either against the euro (Lega Nord and Fratelli d'Italia) or are toying with the idea of calling a referendum on the euro. Together, they would have close to 58% of the support in current opinion polls.

Next general election: The term of the current parliament runs until June 2018. However, Mr Renzi's government could be at risk if he loses the referendum on constitutional reform this October. Of the five Italian opinion polls published in June, three projected a "yes" and two a "no" for Mr Renzi's October referendum. Mr Renzi has stated that he would step down if he loses. His government would very likely try to soldier on without him. But in the absence of a new charismatic leader, the risk that the government may disintegrate well before the end of the parliamentary term in May 2018 would be real.

Referendum risk: Calling a referendum is comparatively easy in Italy. 500k voters or five regional councils suffice for an initiative to abrogate a law. The result is valid and binding if at least half the electorate casts a vote. However, such a referendum cannot be called relating to an international treaty, such as those establishing the EU. That a referendum on euro membership could be held seems likely but remains subject to legal doubts that might have to be clarified by Italy's constitutional court. If a parliamentary majority wanted to schedule a non-binding referendum on euro membership, it would likely find a way to do so. All in all, the risk for Italy is probably slightly above that for other countries in our sample.

Spain: very low risk

Opinion polls: Spain remains comparatively pro-European. In the Ipsos Mori poll only 40% of Spaniards wanted a referendum on EU membership, and 74% said that they would vote to stay in.

Next general election: After the regular vote on 15 December 2015 yielded a stalemate, Spain is holding repeat elections on 26 June 2016. Opinion polls project another stalemate. We see a 25% risk that the populist left Podemos may manage to forge an alliance with the centre-left Socialists, and possibly some regional splinter parties afterwards. While such a government may reverse some supply-side reforms, it would be very unlikely to embark on a collision course with the EU. Although the populist left rails against austerity, there is little support in Spain for ditching the euro or leaving the EU. Some prominent Podemos members have even campaigned for the EU in the UK's Brexit campaign.

Referendum risk: An EU or euro exit referendum would be possible only after a parliamentary vote for such a change. That looks highly unlikely.

The Netherlands: moderate risk

Opinion polls: 51% of the Dutch have a favourable opinion of the EU according to the Pew survey. In opinion polls, the ultra-right PVV scores close to 25%, in line with the 25% which the two centrist parties forming the current coalition achieve in the polls between them. In a non-binding referendum with a low 32% turnout, 61% of those who cast a vote rejected the EU association agreement with Ukraine on 6 April 2016.

Next general election: The next election is due no later than 17 March 2017. Early elections look unlikely. Who could form a coalition in the Netherlands' fractured political landscape after the elections remains highly uncertain.

Referendum risk: Garnering 300,000 signatures within six weeks suffices to trigger a non-binding advisory referendum, such as the one on the EU-Ukraine association agreement. It suspends the law in question until parliament either changes the law or overrides the referendum result by re-affirming the disputed provisions. That makes it easy for Dutch EU-sceptics to retard or possibly hamper the ratification of new European initiatives in the Netherlands. However, this referendum provision cannot easily be used to repeal laws that have been in place for a long time, such as those establishing the EU or introducing the euro. Separately, a minimum number of 40k citizens can ask parliament to consider changing or repealing a law that is more than two years old. But such an agenda initiative would require the parliament's approval before a referendum could be called.

Austria: moderate risk

Opinion polls: The right-wing populist FPÖ has taken the lead position with some 33% in opinion polls; its candidate almost won the recent popular election to the largely ceremonial post of president against a controversial opponent. Two factors have fuelled the rise of the populists, namely: (i) dismay that the centre-right and the centre-left have dominated Austrian politics between them for almost 70 years, once again joined at the hip in a "grand coalition" since 2007; and (ii) a backlash against immigration. However, the

broadly pro-EU and pro-euro parties of the centre-left (SPÖ), the centre-right (ÖVP), the liberals (NEOS) and the Greens between them still attain 60-65% in opinion polls.

Next general election: The term of the current parliament runs until 2018. Early elections are possible but unlikely. The government recently replaced its chancellor (prime minister) without significant fuss. The most likely coalition after a new election would still be an alliance on parties excluding the FPÖ. But even if the FPÖ were to lead a future coalition government, which is possible, its pro-EU coalition partner would likely blunt the anti-EU and anti-euro edge of the FPÖ.

Referendum risk: A minority of one third of parliamentarians in both houses can call a consultative referendum. Securing the required number of votes in the upper house (chamber of federal states) would be more difficult than in the lower house. But if the FPÖ were to fare very well in forthcoming national and regional elections, the risk of such a non-binding vote would rise. In addition, a minimum of 100k of voters can, with their signatures, ask parliament to consider an issue. In 2015, an agenda initiative to ask parliament to consider leaving the EU garnered 261k signatures, equal to 4.1% of the electorate – it had few practical consequences, though.

Belgium: very low risk

Opinion polls: Belgium has traditionally been a stronghold of support for the EU. As the cohesion of Belgium itself is somewhat weak, many citizens seem to see the EU as a most useful fallback. According to Ipsos Mori, only 29% of Belgians would vote to leave the EU, the lowest percentage after Spain at 26%. That the capital Brussels hosts most of the big European institutions, including the European Commission, European Parliament and the European Council, may also play a role.

Next general election: Belgium's next election is due by June 2019. Early elections are always possible, given the fractured political system with strong power for the regions and often conflicting interests between the Dutch-speaking Flanders and French-speaking Wallonia. The current centre-right government encompasses three Flemish parties (New Flemish Alliance, Flemish Christian Democrats and the Open Flemish Liberals and Democrats) and the French-speaking Reformist Movement (MR). While no other French-speaking party wanted to form a coalition with the New Flemish alliance, the MR led by Charles Michel agreed to do so, excluding the French-speaking Socialist Party from government for the first time in 25 years. MR formed the coalition on the condition that issues related to provinces and their sovereignty would not be tabled for discussion within the coalition.

Referendum risk: The risk of an EU/euro-exit referendum is very low. Apart from the widespread support for the EU in general and the lack of any considerable euro-scepticism (radical right party Vlaams Belang scores 7% in opinion polls), legal considerations keep the risk of a referendum low. Similar to Germany, Belgium is an almost exclusively representative democracy with almost no form of direct democracy at the national level. The constitution defines that the country's powers are exercised by the parliament, and not directly by the people. Barring a surprise initiative by parties to change that, the risk of a referendum in Belgium on EU or euro membership any time soon or in the medium term is very low.

Portugal: low risk

Opinion polls: The pro-European consensus at the heart of Portuguese politics has been shaken by the euro crisis. Support for the EU declined, according to the Eurobarometer, a survey by the European Commission, from net positive throughout the years before to net negative in 2015. Recent opinion polls show the centre-left minority government supported by left-wing parties under Prime Minister António Costa's leadership scores well ahead of the opposition in parliament, also thanks to its slightly softer approach to austerity.

Next general election: Portugal's next election is to be held in October 2019. Early elections are possible. A tougher stance by the European Commission to force Portugal to trim down its budget deficit and public debt more quickly while promoting competitiveness and productivity of the economy could cause some unease within the alliance of the centre-left minority government and the left-wing parties whose support it needs in parliament. However, Mr Costa's government has already mastered a few challenges. On balance, the government still has a good chance to last the whole legislative period. Of course, if

potential post-Brexit turbulence was to put pressure on Portugal, the going would get rougher. In case of serious problems, an alliance of centre-left and centre-right might emerge to keep the country safely in the euro.

Referendum risk: The risk of a Portuguese referendum on EU or euro membership is fairly low. As a referendum would only be possible after a vote in parliament on an EU- or euro-exit, there would have to be strong support for such an initiative in both the population and in parliament. While the euro-sceptic voices have become louder, they remain far away from coming anywhere close to the strength needed to jeopardise Portugal's position in the EU or the euro.

Greece: low risk

Opinion polls: Polls give a very mixed message. After six years of crisis, only 27% of Greeks have a favourable opinion of the EU according to the Pew survey. However, some 60% to 75% of Greeks want to keep the euro. They often distrust their own politicians more than they dislike the EU.

Next general election: Whether the coalition between the radical left Syriza and the radical right ANEL will last the full term until October 2019 is an open question. The government will likely have to push further unpopular measures through parliament, where its majority is down to just 153 out of 300 seats. Opinion polls project that the solidly pro-European centre-right New Democracy (ND) would likely win early elections, but would probably need the equally pro-European centre-left PASOK as a coalition partner. Support for the ultra-right Golden Dawn and various hard-left anti-euro parties runs at 25% to 30% in opinion polls, with a roughly even split between the ultra-right and the ultra-left.

Referendum risk: Calling a non-binding referendum on a matter of general importance is comparatively easy in Greece. For example, the Tsipras government called a referendum on accepting or rejecting an early version of an international support offer in June 2015, only to then sign a slightly tougher agreement shortly afterwards as creditors refused to lend Greece more money on softer terms.

Finland: moderate risk

Opinion polls: A March 2016 survey by Finland's leading newspaper, *Helsingin Sanomat*, found that 56% of Finns would now vote to stay in the EU whereas 30% would prefer to leave. In December, a poll for public broadcaster YLE had shown 54% for the euro versus 31% who would prefer to ditch the common currency. Opinion polls put the centre-left Social Democratic opposition (21.1%) slightly ahead of the centrist Kesk party (20.7%) of Prime Minister Juha Sipilä. The erstwhile anti-euro Finns Party, formerly named "True Finns", has mellowed in office as a coalition partner of Kesk. Its support in polls has fallen to 9.2% (average of the last five polls), well below the 17.7% it had scored in the election of 19 April 2015. As in the case of Syriza in Greece, a stint in office can be a salutary experience for populists.

Next general election: The next election is due in 2019, giving the country time to recover from its recent recession well ahead of the vote.

Referendum risk: After a petition signed by 53k Finns, parliament debated a possible referendum on euro membership on 28 April 2016 without taking any decision. Such a referendum would be non-binding anyway. The threshold for such a petition to parliament is to garner a mere 50k signatures.

Sweden: moderate risk

Opinion polls: 43% of Swedes would like to hold a referendum on EU membership. In the Ipsos Mori poll, Sweden is thus among the top three for this issue. At 39%, intentions to vote for leaving the EU (39%) are among the highest in the Ipsos Mori survey. The majority of Swedes remains pro-EU, though. This is mirrored by the Pew survey, according to which 54% of Swedes have either a very or somewhat favourable opinion of the EU.

The next general election: The election is scheduled for September 2018. Early elections are possible. The anti-immigrant, euro-sceptic Sweden Democrats have risen from 13% in the last elections in September 2014 to 19% in the polls recently. However, they remain isolated as government and opposition parties have staunchly refused to cooperate with them. The current centre-left minority government of Social Democrats and the Green

Party holds only 138 out of 349 seats in the Riksdag. The government faces an opposition bloc of centre-right parties with 141 seats (The Alliance) which – on its own – would also lack a majority to form the government as the ultra-right (48 seats) and the radical left (21 seats) between them hold the balance between the two big mainstream groups.

Referendum risk: An EU exit referendum, like any other issue of national importance, is possible in Sweden only after a parliamentary vote in favour of EU exit. After such a vote, it would take 10% of MPs to request a referendum and at least one third of MPs to approve such a request. While the Sweden Democrats could technically initiate a debate in parliament over an EU exit referendum, most likely all other parties would vote against an EU exit and such a referendum. In the unlikely case that a majority in the Swedish parliament wanted to leave the EU, this decision might still be overturned in such a referendum.

Denmark: moderate risk

Opinion polls: The Danes were among the first to spur euro-scepticism with their initial rejection of the Maastricht Treaty in a referendum in 1992. After the EU granted Denmark some opt-outs, the treaty was later successfully ratified. Support for the two parties in the Danish parliament that call themselves euro-sceptic, the right-wing Danish People's Party and the left-wing Red-Green alliance, adds up to less than 30% in opinion polls (19% for DPP and 9% for Red-Greens).

The next general election: The next election will be held in June 2019, if no snap elections take place before. Centre-right Prime Minister Lars Løkke Rasmussen leads a minority government supported by two other centre-right parties – the Liberal Alliance and the Conservative People's Party – and the euro-sceptic Danish People's Party. Early elections cannot be ruled out if support for his policies starts to fade.

Referendum risk: While euro-scepticism has a long tradition in Denmark, the vast majority of parties in parliament embrace the status quo, ie the policy of opt-outs from some EU treaty provisions in certain policy areas. An EU-exit referendum would only be possible in Denmark after a parliamentary vote to hold such a referendum. We rate the risk that Denmark may leave the EU as no more than moderate.

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