



THE IMPACT OF THE 10 NEW MEMBER STATES ON EU DECISION-MAKING

THE EXPERIENCE OF THE FIRST YEARS

A study prepared in the framework of the FEPS-IWE cooperation

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TABLE OF CONTENTS

Introductory remarks (<i>Krisztina Vida</i>)	3
Introduction: a theoretical approach (<i>Krisztina Vida</i>)	4
Bulgaria (<i>Tamás Szemlér</i>)	12
Czech Republic (<i>Gábor Túry</i>)	19
Estonia (<i>Sándor Meisel</i>)	31
Hungary (<i>Krisztina Vida</i>)	39
Latvia (<i>Sándor Meisel</i>)	50
Lithuania (<i>Anna Wisniewski</i>)	59
Poland (<i>Anna Wisniewski</i>)	67
Romania (<i>Tamás Novák</i>)	78
Slovakia (<i>Tamás Szigetvári</i>)	87
Slovenia (<i>Miklós Somai</i>)	97
Summary (<i>Krisztina Vida</i>)	108
Main findings in a nutshell (<i>Krisztina Vida</i>)	122

INTRODUCTORY REMARKS (*KRISZTINA VIDA*)

The present report is investigating the behaviour of the ten new Central and Eastern European Member States in the decision-making mechanisms of the European Union. It attempts to identify the abilities of these countries to influence EU decisions and to look at the impact they make on the processes of European integration. The main question is whether these states are simple decision-takers or has their role been more complex in the past couple of years.

This study is divided into thirteen chapters: the theoretical introduction is followed by the ten country studies, the detailed and the concise summary. The country studies were written in a uniform structure starting with some facts of internal politics and then discussing the interests, positions and influence of the given country concerning major political issues, institutional reform, some key policy areas and crisis management. Finally, the coordination of EU affairs is also described shortly, and every country report ends with concluding remarks. The research was closed in the end of May 2010.

Our paper is based on primary sources (such as official documents of both the EU and the national governments) and also on different secondary sources. Within the latter the authors had to rely on a few existing publications as this topic is not so widely analysed yet. As it can be seen in the references, among the available publications we relied to a significant extent on the reports published in 2009 by the European Policies Initiative (EUPI) in cooperation with the Open Society Institute (OSI) in Sofia. Under the project title “The EU New Member States as Agenda Setters in the Enlarged European Union” the EUPI published ten country reports, and a summary covering some important policy aspects which were relevant in our research too.

We hope that – thanks to the Foundation for European Progressive Studies – our research team could make another useful contribution to the international discussion on the new Member States’ impact on EU policy-making.

The place of national interests in the EU decision-making machinery

Our starting point is that national interests are the building blocks of European integration. These interests can very well be asserted at all phases of decision-making, namely decision preparation, negotiations and voting on a decision and even during the national implementation, as well as when decision-making is delegated to the European Commission.

The foundation and the nearly six-decade evolution of European integration is the result of the will of its Member States – in other words, the integration process is the materialisation of “harmonised” national interests. These interests appear directly and on the highest level in the European Council and, at the sectoral level at the Council. However, indirectly they can also be detected at the Commission and even the European Parliament.

National interests can be asserted from the moment of decision initiation and preparation through negotiations on the topic to the voting procedure and even thereafter. Regarding EU decisions on economic and social matters (the former Community pillar) the monopoly of initiative is with the Commission who acts on the basis of the Treaties (negotiated and signed by the Member States) as well as on the basis of European Council conclusions. As regards CFSP the Member States are even stronger here, as the strategic guidelines of foreign policy are laid down by the European Council and executed by the External Relations Council. (The situation is of course somewhat modified with the new post of the High Representative who also has the right of initiative.)

When the Commission has formulated its proposal the national governments start to work on it: national positions are being discussed and harmonised in the Council’s various working groups representing the expert level, in the COREPER representing the high diplomatic level and finally in the Council meetings attended by the ministers. During these stages there is plenty of time and opportunity to present and defend national interests as well as to find a compromise among the 27 states.

When the ministers come together they only have to discuss some 20% of the points on the agenda due to the mentioned efficient pre-negotiations process. When it comes to voting, which is qualified majority voting by the rule, the ministers usually do not use this formula but try to find a final compromise. In the vast majority of the cases this happens; if not, a formal voting takes place where voting coalitions can be revealed and in case there is a blocking minority, the decision cannot be taken. But the assertion of national interest does not end here.

Any Member State can attempt to delay the transposition of a European Directive if it deems it useful, although due to the principle of indirect effect of EU law this will not work out for a long time. Another way of “sabotage” is an action before the Court of Justice to ask for annulment of a given legal act of the EU. In case we do not speak about one piece of EU law but a whole package of Treaty amendment then a Member State may assert its dominant interest even retrospectively, by not ratifying the new text. Or else, ratifying it later with some extra requests (e.g. the Danish case in 1992, or the Irish and Czech cases in 2009).

When implementation is done by the European Commission thanks to delegated powers, the EU “government” is closely controlled by the Member States thereby asserting their national interests in the framework of “comitology”. Thanks to the Lisbon Treaty the Commission is now equally controlled by the Council and the Parliament when exercising these implementing powers. According to Art. 290, par. 2b *“the delegated act may enter into force only if no objection has been expressed by the European Parliament or the Council within a period set by the legislative act.”*

National interest representation as explained by the main integration theories

The first coherent theoretical model on European integration was neo-functionalism¹ developed by Ernst B. Haas and Leon N. Lindberg. By taking over technocracy as a central idea from the functionalists they put emphasis on the bottom-up processes of European integration generating more and more cooperation at the supranational technocratic level. They were convinced that *form would follow function*, or in other words that due to the spillover effect integration would deepen according to the emerging needs of the stakeholders. In this model national governments are actually representing the interests of the lobby groups who push them for legitimising further integration. Thus in this model Member States play a kind of intermediary – and certainly not a leading – role in this presumed positive sum game.

European federalists² would like to see the EU developed into a genuine federation. Here national interests would partly be transferred to and pooled at the federal level, partly exercised at the national/regional levels. National interest representation would continue to appear in the federal-like EU institutions but much less intensively, since national governments would have a say only in issues under shared competences. This would be a clear loss of power for Member States; so even if this model offers important advantages like transparency, greater efficiency, or a single voice in the world, due to historical traditions and citizens’ primary loyalties to their states this model remains an unrealistic one.

¹ Rosamond, Ben (2000): Theories of European Integration, Plagrave, pp. 50-73.

² Rosamond (2000), pp. 23-31.

Intergovernmentalism³ on the contrary highlights the key role of the nation states who engage in some integration within “low politics” but would always retain national prerogatives in “high politics”. This theory is actually rooted in the realist school of thought underlining the rational behaviour of nation states not willing to cede sovereignty. This approach was further refined by liberal intergovernmentalism admitting the apparent willingness of Member States to deepen European integration and not only in economic but also in political matters. Nevertheless, liberal intergovernmentalism⁴ developed by Andrew Moravcsik emphasises that modern states engage in integration processes because and insofar as it complies with their immediate national interests. Thus the EU is the expression of the joint national interests and the EU institutions are only serving these interests.

The famous and attractive theory of multi-level governance⁵ describes the complexities and the dynamics of the functioning of the EU across different vertical layers and among different actors. These layers and actors are so much intertwined that none can play an exclusive role. *“States are not an exclusive link between domestic politics and intergovernmental bargaining in the EU.”*⁶ As this model is not state centric, national interests as such do not play any outstanding role here.

Finally, in the neo-institutionalist⁷ model the institutions are in the centre of the analysis. It is rather the institutions that influence the actors and not vice-versa. In this logic although national interests do appear at the EU level, Member States might behave even against their will due to the “pressure” from the institutions and to the “inertia” of mechanisms. For the neo-institutionalists the institutions created by the Member States may determine their behaviour.⁸

To sum it up integration theories are concerned about national interests to a different degree. Interestingly – even though the key role of the EU Member States cannot be denied in the course of European integration – only one theory, the intergovernmentalist one put national governments and Member State interests in the centre of their analysis. This phenomenon of course rightly mirrors the complex nature of integration mechanisms which cannot be explained one-sidedly.

Factors of national interest representation

The representation of national interests can be pursued in many ways. Any Member State can block important decisions if the issue requires unanimity (e.g. the UK on the rebate, or Greece on the accession of the Former Yugoslav Republic of Macedonia). The other extreme behaviour is to

³ Rosamond (2000), pp. 130-136.

⁴ Rosamond (2000), pp. 136-141.

⁵ Rosamond (2000), pp. 109-113.

⁶ Marks, Nielsen et al. (1996) is quoted by: Rosamond (2000), p. 110.

⁷ Rosamond (2000), pp. 113-123.

⁸ Rosamond (2000), p. 122.

continuously align with the majority view. Between these two extremities there is of course a wide terrain where coalition building tactics and the art of finding compromises can be used.

The influence of a Member State can depend on several factors. According to Ádám Kéglér⁹ a series of such identified factors can be ranged into a pyramid composed from the bottom (most important) to the top (least important) of the following six elements. The most important aspect is the status of a country as a net payer to the EU budget: the higher a country stands the stronger it can assert its interests (moreover, there is a hidden “black-mailing” potential, even if it is never evoked). Secondly economic indicators/performance play a significant role as well. Here Kéglér used three indicators which he defined as key data from among the many other important ones: the GDP/capita ratio, the external trade balance and the unemployment rate. The third aspect is the size of the country, as reflected in the EU’s decision-making institutions, namely the votes in the Council and EP seats assigned to the Member States according to their population size, but of course underrepresenting the big and overrepresenting the small countries (theses effects were attenuated by the author). The fourth one is the political weight of a Member State within the EU. Here Kéglér took into account the most influential posts in EU institutions occupied by different nationals, the relatively strong positions within the Commission itself, as well as the aspect of a member government’s political affiliation belonging (or not) to the greatest political family represented by the member governments.

The fifth element is the length of a country’s membership in the EU. The founding members are of course the most influential countries while the newcomers are the weakest players in this respect. The sixth aspect is holding the Council Presidency: this is the least important in his view and this is especially the case with the Lisbon Treaty and the permanent President of the European Council. Nevertheless, holding the six-months Council Presidency or being in the trio does bear some significance.

Based on these assumptions Kéglér actually calculated an index of national influence along the mentioned aspects and based on his own methodology. According to the results three groups can be identified. There are the “dominant” countries, namely the most influential Member States: Germany, France, the UK, Italy, Sweden and the Netherlands. The “influential” countries are Denmark, Belgium, Spain, Finland, Poland, Ireland, Portugal and Austria. The “adjusting” countries are Greece, Hungary, the Czech Republic, Luxembourg, Romania, Bulgaria, Slovakia, Slovenia, Estonia, Latvia, Lithuania, Malta and Cyprus.

Beyond these rather objective criteria we can also add that national interest representation at the EU level can become generally weakened due to domestic conflicts or turmoil, and when a country is

⁹ Kéglér, Ádám (2008): Az EU tagországainak befolyásolási ereje: az érdekérvényesítési index (The intensity of influence of the EU Member States: the interest representation index), Európai Tükör, XIII/12, 2008. december, pp. 104-119. It must be highlighted that the article was written before the crisis and the entry into force of the Lisbon Treaty.

before elections, or when there is a care-taker government. Furthermore, even if there is a politically stable situation, the image of a country in general can play a role (e.g. the impressive development of the Baltic States before the crisis certainly created a positive perception of these countries, while the incorrect figures on the budget deficit communicated by Greece and Hungary to the European Commission contributed to a negative image of these Member States). A country with a negative image may lose influence in common interest-seeking or alliance building processes, although not in issues under unanimity.

It is also important to note that national interests are marked by and therefore can change according to political ideologies of the governments. Although most EU Member States have by and large some constant national interests, their position on some particular issues can well be altered pending on the leading political force's ideological conviction and political programme.¹⁰

Beyond political preferences, national interest representation is of course issue-based. There are issues where a Member State can have high stakes (typically France and the CAP) and on the contrary, when a country is practically indifferent vis-à-vis the given issue (typically land-locked countries vis-à-vis fisheries policy). But even in the latter cases a country can bargain with the others for a vote in favour and thereby contribute to a package-deal.

Impact of new Member States on EU decision-making

As it is rather obvious and as was also demonstrated above the new Member States (NMS) are not among the most influential members of the EU (in more detail see later). Nevertheless they have some shared interests with regard to the future of European integration which could/should be represented at the EU level much more coherently.

Among the shared interests priority is given to further widening of the EU with a more dynamic pace towards the Western Balkans, coupled with a refreshed and strengthened Neighbourhood Policy towards the East. For the NMS the Eastern dimension of external relations of the Union is in any case highly important, and this was well demonstrated by the proposal on Eastern Partnership put forward by Poland together with Sweden in 2008. Poland's successful agenda-setter role here is undeniable as the programme was launched by a European Council decision in May 2009.

The NMS are also keen to see the EU as an efficient actor on the global political scene in harmony with NATO commitments. In fact, as regards CFSP the NMS would prefer a stronger EU while as regards ESDP NATO would be in the first place for most of them. Furthermore, a balanced and

¹⁰ This hypothesis is proved by Miklin, Erik (2008): National Interests or Individual Ideological Preferences? The Services Directive inside the EU's Council of Ministers.

<http://www.jhubc.it/ecpr-riga/virtualpaperroom/005.pdf>

conflict-free relationship with Russia should be a high priority issue in this region due to geographical proximity and the troubled past.

The newcomers are also interested in more diversified energy sources and a better coordinated energy policy at the EU level. All NMS are characterised by a liberal approach to the economy and especially concerning the four freedoms of the Internal Market, as it was clearly demonstrated during the debate on the Services Directive. Regarding the EU budget the NMS are all against any kind of rebate, while almost all of them remain interested in receiving substantial amounts of cohesion support. As to the CAP most NMS would like to see a more balanced distribution of direct payments (of which the greatest share still flows to old Member States' farmers) and would put a stronger emphasis on the second pillar of the CAP, namely rural development investments.¹¹ A key interest would be for the NMS to lobby together for more transport networks in the region (also along the North-South direction) in the framework of the TEN programme but unfortunately this is represented by them rather vaguely so far.

Despite the common (revealed or hidden) interests, the NMS are still rather passive in formulating strategic decisions: it seems that the first years of membership represent a kind of learning period for them. In fact, four stages can be identified in this process.

The first one was the association process and the preparations for membership when adaptation to EU rules was absolutely unilateral ("zero interest representation potential"). The second stage was marked by the accession negotiations when the accession countries learned how to present their national position vis-à-vis the EU (Commission and Member States) in relation to the different pieces of EU legislation under the negotiating chapters. This period was a kind of rehearsal in terms of presenting and defending national interests to the EU and also in terms of making compromises ("asymmetrical interest representation potential"). The third period started with the first day of full membership when the NMS found themselves fully involved into all phases of decision-making. Given the fact that the EU decision-making machinery is quite complex it takes a longer time to learn how any Member State can use its potential to represent specific national/regional issues within this machinery. So this stage can be characterised by "virtually equal interest representation potential". The fourth stage will start when the NMS will have acquired all the necessary knowledge and techniques of influencing EU affairs and will behave like the older members. This stage will be marked by "fully equal interest representation potential".

In fact, we can distinguish two levels of interest representation: the strategic and the everyday decision-making level. As regards strategic issues, although the NMS clearly share some key (mainly geopolitical) interests they typically do not represent them in a coherent way at the EU level. This

¹¹ "Not Your Grandfather's Eastern Bloc – The EU New Member States as Agenda Setters in the Enlarged European Union" Comparative Policy Report, European Policies Initiative–Open Society Institute, Sofia, 2009, p. 9. http://eupi.osi.bg/fce/001/0070/files/ComparativePolicyReport_OSI-Sofia_EuPI_April2009_.pdf

means they do not realise yet how efficient it would be to represent and promote common interests jointly within the EU decision-making machinery. Therefore the NMS are still in the stage of “virtually equal interest representation potential” which is a – presumably transitory – learning phase. As regards the second level, namely the daily work of the EU; the NMS do not represent a voting block either, as they make alliances with other older Member States too. While in the first case, at the strategic level it is regrettable that the NMS do not play a greater, more creative concerted role, in the second case it is normal and even beneficial that the NMS do not form a block in the day-to-day work of the EU, as it would only feed prejudices against them and also against the further candidate states.

Finally, as regards the role the NMS can play in EU level affairs we can distinguish four categories which is also used throughout this paper. The first category is the **agenda-setter** role when a new issue is successfully put forward by a new Member State and this new issue becomes part of EU policies. The second category is the **decision-shaper** role when a given decision is successfully modified by a new Member State before the final decision is taken. **Decision-taker** is the third and the most passive type of role: when a country simply subscribes to a would-be decision. Finally, when a new Member State intends to block a decision it will belong to the fourth category, namely to the group of **decision-blockers** or veto players.

Concluding remarks

We pointed out that European integration is actually the outcome of harmonised national interests and we also underlined that these interests can very well be asserted at any phase of decision-making and even implementation. The importance of the states is not denied by any of the integration theories either although national interest representation is given different attention by the different models: the highest one by the intergovernmentalist school.

It was also described that a wide variety of factors of national interest representation can be identified (e.g. economic performance, places in the EU institutions, the length of membership, internal political stability or the image of a country, etc.) each of them playing a certain role in representing national interests and in making a real impact on decision-making.

As regards the new Member States’ influence in general, we claimed that despite some existing shared strategic interests the NMS do not act together to attain these goals. While this is regrettable, it is normal/beneficial that in the day-to-day decision-making processes the NMS (given their diverging interests on different dossiers) do not form a voting block as this would prejudice their image and could harm the would-be new members as well.

Finally, as to the terminology used in this paper we introduced four levels or categories of influencing EU affairs, namely **agenda-setters**, **decision-shapers**, **decision-takers** and **decision-blockers** (or **veto**

players). These four types of behaviour reflect innovation, creative influence, passive approach and rigidity.



Political leadership of Bulgaria between January 2007 – May 2010		
Prime Minister	Period	Composition of the Government
Sergei Stanishev (Bulgarian Socialist Party)	August 2005 – July 2009	Coalition for Bulgaria (dominated by the Bulgarian Socialist Party); Movement for Rights and Freedoms; National Movement Simeon II (since June 2007: National Movement for Stability and Progress)
<i>Parliamentary elections</i>		
Boyko Borisov (GERB)	July 2009 –	GERB (Citizens for European Development of Bulgaria) = minority government

Interests, positions and influence in major political issues

Enlargement

Sofia is in favour for enlargement in general: Bulgaria’s official position is to support the efforts of all actual candidate and potential candidate countries to become an EU member. The official position is also in line with people’s perceptions (mapped by regular Eurobarometer surveys). With regard to the individual candidate countries, Bulgaria fully supports Croatia’s efforts for membership. As to the Former Yugoslav Republic of Macedonia, Bulgaria is supportive, too, but its support is not unconditional (anti-Bulgarian feelings are present in some groups in Macedonia). With regard to Turkey’s bid, Sofia is very cautious. While officially being supportive for the continuation of the negotiations, Bulgaria has put forward a specific condition to the conclusion of Turkey’s accession process. This concerns bilateral relations, including a claim for compensation for the heirs of fugitives from the 1911-1913 Balkan Wars. These requests are included in the EP’s report on Turkey.¹²

ENP Eastern dimension

Bulgaria is in a special position regarding its relations with the Eastern ENP partners, and even more with Russia. The Bulgarian-Russian relationship has been put into a totally new framework after the

¹² 21 May 2008; INI/2007/2269. Source (and for more details, see) Lessenski, Marin (2009): Bulgaria – The EU New Member States as Agenda Setters in the Enlarged European Union, European Policies Initiative–Open Society Institute, Sofia, 2009. http://eupi.osi.bg/fce/001/0070/files/BulgariaCountryReport_OSI-Sofia_EuPI_April2009_.pdf

systemic change at the turn of the 1980s/1990s, and later with the new Euro-Atlantic orientation – leading to NATO and EU membership – of Bulgaria.

On the basis of its economic and political interests within the EU, Bulgaria belongs to those countries which are in favour of deepening the EU's relations with Russia and also with the other Eastern partners. Beyond historical and cultural links, economic interests – especially its energy-dependency – contribute strongly to this position.

The ENP countries – first of all the Ukraine – are also important for Bulgaria. However, this relationship depends very much on the position of Moscow: relations with Russia enjoy a clear priority. This fact explains why Sofia is cautious regarding EU initiatives (such as the Eastern Partnership): Bulgaria would like to avoid any step that could hurt Russia's interests.

Its Euro-Atlantic ties on the one hand, and its vulnerability (regarding energy) on the other limit very much Bulgaria's manoeuvring room. Due to its situation, Sofia is and will remain interested in a more pragmatic EU approach towards the Eastern partners. Very probably, this specific situation will not change considerably until the current energy network projects will have been realised.

European Security and Defence Policy

Due to its geographic location (including the ties to the Black Sea region and the relations with Turkey) as well as to its recent experiences about conflicts in its direct neighbourhood (during the wars in the former Yugoslavia), Bulgaria is highly interested in a stronger CFSP and ESDP. Therefore Bulgaria wants to use its EU membership as a leverage for maintaining the important, but (of course) not leading role of the country in the region in security issues. This is especially true for the country's (and at the same time the EU's) direct neighbourhood, so Bulgaria is particularly interested in the ENP. Bulgaria tries to represent its interests in this regard both in the EU and in the NATO framework.

Minority rights

In Bulgaria, there are 28 different minorities (ethnic communities). The most important among them are the Turkish and the Roma minority. The rights of ethnic communities are guaranteed as individual rather than as collective rights. Within the EU, Bulgaria intends to pursue (and strengthen) this approach; its official position is that guaranteeing individual rights and non-discrimination is the best possible solution.

Beyond this general approach, Bulgaria has an active policy to integrate the minorities, especially the Roma minority.¹³ The measures taken include the improvement of housing, employment and health

¹³ The other big minority – that of the Turks – is politically well organised and represented, it has no outstanding social issues, so it does not constitute similar problems and thus does not necessitate similar solutions. For details see: Lessenski (2009)

care conditions for the individuals belonging to this group. Bulgaria actively supports the emerging European Roma Strategy, and welcomes EU resources as well as the elaboration of a common EU approach as long as there is no contradiction with the above-mentioned Bulgarian concept (based on individual rights).

Institutional issues: negotiations on and ratification of the Lisbon Treaty

During the whole process of preparation and ratification, Bulgaria was very supportive with regard to the Lisbon Treaty. Bulgaria clearly expressed its intentions to keep the Treaty as intact as possible, in order to get a coherent solution of the problems the Treaty originally intended to handle. At the same time, Bulgaria expressed its openness for potential new solutions if such ideas serve the entry into force of the Treaty.

This position is not at all surprising: previously, Bulgaria was among the countries which ratified the Constitutional Treaty, as well. Sofia has always had concerns with regard to alternative scenarios of development (first of all, multi-speed Europe), as due to its geographic and also economic position, Bulgaria would probably be left in the outer circle(s) if such ideas would prevail.

Bulgaria supported the main changes foreseen by the Lisbon Treaty (extended QMV, the EP's increased role, the function of the President of the European Council and of the High Representative for Foreign Policy). Bulgaria also accepted the revision of the size of the European Commission and has been in favour of making the Charter of Fundamental Rights legally binding.¹⁴

Interests, positions and influence in some key policy areas

Common Agricultural Policy

Bulgaria is interested in preserving the CAP, and is therefore ready to renounce a part of short-term growth in the agricultural sector for the sake of a successful long-term policy. According to Sofia, on the one hand, the reduction of the proportion of agricultural expenditure and direct payments in the EU budget should be based on the development of different sub-sectors, existing gaps between different rural regions in the Union, as well as on leaving more space for reaction to unforeseen developments (floods and drought). On the other hand, in 2008, the (then) Minister of European Affairs, Gergana Grancharova, has announced Bulgaria's intention to maintain the system of direct payments to farmers. However, for Bulgaria, it is not only important to receive direct financial assistance but also to have equal access to the market in order to strengthen the sector's competitiveness.¹⁵

¹⁴ Lessenski (2009)

¹⁵ Marinov, Kalin (2008): Bulgaria, In: Tamás Szemlér – Jonas Eriksson (eds.): The EU Budget Review: Mapping the Positions of Member States, SIEPS Report, pp. 117–126.

Bulgaria is supportive of the Health Check of the CAP, but its support is more formal than real: in fact, Sofia opposed many proposed changes. This is the consequence of a cautious approach: as we said above, Bulgaria wants to maintain the CAP as much as possible in its present form, but the country is open for reforms if they are necessary to secure the existence of the whole CAP (“a modified CAP is still better than no CAP at all”).¹⁶

Budget

As one of the least well-to-do Member States of the EU, Bulgaria is very much interested to keep the Structural Funds and the Cohesion Fund as important priorities of the EU budget; solidarity should continue to be expressed in financial terms, as well. The same applies to the CAP (see above). In addition, Bulgaria would like to see more emphasis (expressed also in the EU budget) on energy and climate issues. Sofia also wants to put more emphasis on the competitiveness and innovation component of the Post-Lisbon Strategy, namely the EU2020 Strategy. Due to its geographical situation, Bulgaria is interested in (and is lobbying for) more funds for the development of the protection of external borders in the framework of the area of freedom, security and justice.¹⁷

Regarding the system of own resources, Bulgaria is officially against the ideas of any form of EU tax. Sofia would like to see the simplification of the current own resources system: its declared objective is to abolish any kind of rebates and compensations (the most important and most well-known being the UK rebate, but the issue is wider than that: it includes e.g. the rebates on the contribution to the financing of the UK rebate for certain Member States).¹⁸

Internal Market

Bulgaria is interested in maintaining macroeconomic stability in order to be able to maintain without tensions the currency board and also in order to be able to introduce the euro as soon as possible. The country’s economic development requires the continuation of the inflow of foreign direct investments, and an organic development of local enterprises is necessary in order to spread more the fruits of development. All this should contribute to lower unemployment and better social protection.

The development of the Internal Market is, of course, crucial from this point of view. In most aspects, Bulgaria follows the general EU line. However, in the issue of the free movement of workers, Bulgaria – very much interested in this topic – has a position that is different from the “average” EU stance: feeling itself interested in lifting the transitory barriers, Sofia is supporting the free movement of workers throughout the EU (despite its potential negative consequences, namely labour shortage) in Bulgaria. These potential consequences, however, lead to a situation in which Sofia is not very active

¹⁶ Lessenski (2009)

¹⁷ Lessenski (2009)

¹⁸ Marinov (2008), pp. 117–126.

in this issue for the time being. Bulgaria is supportive of the Services Directive, but has a cautious position on the harmonisation of taxation, as substantial progress in this field would be in conflict with the actual economic policy tools of Sofia, and could cause damage to the country (e.g. diversion of FDI).¹⁹

Energy/climate

Bulgaria imports on average close to half of its energy needs. The energy dependency of the country is very high in the case of crude oil (99.6% in 2006) and natural gas (87.1% in 2006).²⁰ As alternative supply possibilities do not exist, the Bulgarian economy is very much dependent on crude oil and natural gas imports from Russia; both products have an important share in energy consumption. Not only the leaders, but also the citizens of the country are aware of this dependency – the natural gas crisis in January 2009, with the consequence that masses of Bulgarians remained without heating, proved it painfully. No wonder that Sofia would like to change this situation.

This is why Bulgaria is interested in being involved in different energy network projects. Despite the clear Russian interest behind most of these projects, Sofia hopes that the realisation of these networks could strengthen the position of Bulgaria as a transit and hub country. Such a development could transform the present dependency from Russia into interdependence – of course, asymmetric, but still something better than the actual situation for Bulgaria. In line with this idea (and also as a result of the improving and increasingly pragmatic relations between Bulgaria and Russia), accords have been signed on various energy projects (South Stream, Nabucco, the Burgas-Alexandroupolis oil pipeline, the Burgas-Vlorë oil pipeline).

Beyond energy networks, Bulgaria has a clear position with regard to nuclear energy. Intending to diminish the external energy dependency of the country, the Bulgarian government has plans to build new blocks in order to increase the already existing nuclear energy capacity of the country. Russian involvement is there in this field, as well (Beleno nuclear power station).

Area of freedom, security and justice

Bulgaria's main priorities – in its own interests, but also due to EU pressure (incorporated in the special Cooperation and Verification Mechanisms) – include the reform of the judicial system and the increase of effectiveness of the fight against organised crime and corruption. As these serious problems also hinder the access to and efficient use of EU transfers, the interest in the progress is highly tangible for the citizens of Bulgaria.

As another highly important issue in the field of freedom, security and justice, the accession of the country to the Schengen zone (with the target year 2011) is another priority for Sofia. In order to be

¹⁹ Lessenski (2009)

²⁰ Byuletin za sastayanieto i razvitiето na energetikata na Republika Balgarija, August 2008, p. 8.

able to keep the time frame, Bulgaria has to prove its capacity to protect effectively the EU's external borders and to fulfil all requirements related to this issue.

In addition, Bulgaria wants to be an active participant in EU-wide efforts in the field of justice and home affairs. Bulgaria's official position is in general in line with actual and planned EU actions in this field, thus the country can be regarded as a decision-taker in the policy area of freedom, security and justice.²¹

Crisis management in the EU framework

Bulgaria is interested in the success of the crisis management: despite an advantageous macroeconomic situation and ambitious plans for national measures in 2008, it is clear that the country has limited capacities, and is highly vulnerable. The geographical vicinity of Greece has (despite some positive local/regional effects on economic activity in bordering regions of Bulgaria) made this vulnerability more tangible.

Due to its limited size and capacity, Bulgaria is not a decision-shaper, but a decision-taker in this respect. In line with this, Bulgaria also supports the EU efforts for the coordination of exit strategies.

Institutional setup of EU affairs in Bulgaria

As the website of the of the Directorate for Coordination of EU Affairs of the Council of Ministers of the Republic of Bulgaria states, „*The coordination concerning European affairs with regard to implementing **common** policy of the Republic of Bulgaria towards the European Union has been conditionally divided into "internal" and "external" and is implemented by two units. Directorate for Coordination of EU Affairs ("CEUA") within the Administration of the Council of Ministers carries out the internal coordination with the sectoral ministries and institutions in the country. The external coordination - with the Permanent Representation of the Republic of Bulgaria to the European Union and with the Embassies of the EU Member States - is carried out by EU Directorate of the Ministry of Foreign Affairs.*”²²

As summarised by the same source, „*Since its accession to the European Union on 1 January 2007 the Republic of Bulgaria has become a full member with all ensuing rights and responsibilities thereof, which resulted in several fundamental changes in the existing coordination mechanism:*

- *expanding the scope of the obligation of the Council of Ministers pursuant to the Constitution of the Republic of Bulgaria to inform the National Assembly about the national positions to be presented to the EU Council;*
- *elaboration and approval by the Council of Ministers of the Annual Programme for participation of the Republic of Bulgaria in the decision-making process in the European Union;*

²¹ Lessenski (2009)

²² http://www.euaffairs.government.bg/index.php?page=en_about-us

- *more detailed regulation of the rules concerning development and approval of the various types of documents by providing for a relative independence of the individual ministries for the settlement of sectoral issues;*
- *maintaining the need for discussion on issues of interdepartmental nature, as well as the leading role of the Council of Ministers in the approval of positions to be presented to the highest EU level - the European Council and the EU Council;*
- *the number of the consultative bodies for EU affairs has been reduced; only the Council for European Affairs continues its operation as a successor of the Council for Coordination and Monitoring. The Council is chaired by the Minister of European Affairs. According to the amendments to Council of Ministers Decree No 85/2007 by means of Decree No 212/2009 the Council for European Affairs is chaired by a Deputy Minister of Foreign Affairs.*
- *establishment of national rules concerning the procedures concerning non-fulfilment of obligations ensuing from the EU law and appointment of the two responsible structures responsible for the pre-trial and the judicial phase, namely Directorate "CEUA" in the Administration of the Council of Ministers and Department "Procedural Permanent Representation before the Judicial Institutions of EU".²³*

Concluding remarks

Bulgaria, as a new, small and poor Member State of the European Union has limited powers to enforce its interests and to tangibly influence EU decisions. In this situation, Sofia – logically – tries to use the EU leverage for achieving results in the fields considered to be of key importance. These fields include energy and climate, the future of the EU budget (with special emphasis on the CAP and Structural/Cohesion Policy), ENP and enlargement, the Internal Market and institutional issues. In some of these fields, the country shows a high activity (the most visible case being energy and climate) and represents in some cases positions that are diverging from the EU “mainstream”. In other fields (e.g. institutional issues), the activity of Sofia has been limited. In a lot of issues, logically, Bulgaria tries to find partners in order to be in a coalition that has a chance to represent the coalition partners’ common interests. For successful coalitions big partners are a must; on the basis of the experiences since the country’s EU accession, Germany seems to be the “favourite” big partner. A specific partnership seems to be functioning with Romania on the basis of a number of common interests (as a consequence of similar geographic location and similar economic problems).²⁴

²³ http://www.euaffairs.government.bg/index.php?page=en_BG-EU

²⁴ Lessenski (2009)

Political leadership of the Czech Republic between May 2004 – May 2010		
Prime Minister	Period	Composition of the Government
Vladimír Špidla (Czech Social Democratic Party)	July 2002 – July 2004	ČSSD + KDU–ČSL + US-DEU
Stanislav Gross (Czech Social Democratic Party)	July 2004 – April 2005	ČSSD + KDU–ČSL + US-DEU
Jiří Paroubek (Czech Social Democratic Party)	April 2005 – August 2006	ČSSD + KDU–ČSL + US-DEU
<i>Parliamentary elections</i>		
Mirek Topolánek (Civic Democratic Party)	August 2006 – May 2009	ODS + SZ + KDU–ČSL
Jan Fischer (Independent)	May 2009 – May 2010	grand coalition: ČSSD + ODS
<i>Parliamentary elections</i>		

ČSSD = Czech Social Democratic Party

KDU–ČSL = Christian and Democratic Union – Czechoslovak People’s Party

US-DEU = Freedom Union – Democratic Union

SZ = Green Party

ODS = Civic Democratic Party

Introductory remarks and political background

Since 1 May 2004 the Czech Republic is a full member of the European Union. The Czech Republic is a medium-sized country with 10 millions citizens, and the 12th largest country in the European Union. Economic weight of a country is a major aspect concerning the capacity to influence European integration. In this respect the Czech Republic is taking the 16th place in the rank of the 27 EU members.

This paper is undertaking to track how the Czech Republic can assert its national interests in the EU, how it can have a real impact on EU decision-making. There are several aspects of a successful EU membership. How can the Czech Republic use its political influence to enforce its national interest?

Has the Czech Republic a clear strategy and what is it? Is its political weight in coherence with its economic power in the EU? Second class membership is a reality or a fiction? How big is the manoeuvring room for such a medium-sized new member country? Lobbying in the European Union has three main “ingredients”.²⁵ The first ingredient is the identified national interest, the second is the aggregated view of economic and civil groups, and third is the negotiated topic at the EU level.

As to the first ingredient, in fact, the picture about the European Union in the Czech internal politics is not homogenous. There are eurosceptic parties both on the left side and on the right side but concerning the current issues of the EU the weakest link in the chain is Václav Klaus, the President of the Czech Republic. The President became famous for his strong opposition against the Lisbon Treaty which he deemed to weaken Czech sovereignty.

After the parliamentary elections held in 2002, Vladimír Špidla became Prime Minister of the coalition government of ČSSD together with the small Christian Democratic Union – Czechoslovak People’s Party and Freedom Union – Democratic Union. Špidla could not spend the (whole) four years period as Prime Minister, because in June 2004, after poor results of his party and of the coalition in general in the European Parliament elections, he lost support within ČSSD, and officially left his office. In November of the same year he became the European Commissioner of the Czech Republic. As a Prime Minister he was succeeded by Stanislav Gross. But in early 2005 Gross faced a corruption scandal and had to leave the office too. One and a half year before the parliamentary elections, Jiří Paroubek became the party leader of the social democrats and the Prime Minister at the same time.

After the 2006 elections – due to the very narrow gap between the two potential governing forces – lengthy coalition talks took place, leading to the establishment of a new centre-right coalition government. But the ODS government – lead by Mirek Topolánek – had a narrow majority in the lower house which resulted in a highly fragile political power. In March 2009, in the Chamber of Deputies (lower house) the Czech opposition, namely the social democrats and the communists have successfully promoted a vote of non-confidence against the coalition led by Mirek Topolánek. The vote passed with only 101 votes to 96, due to the fact that four members of Topolánek’s coalition (two members of his own party) voted with the opposition. This situation mirrored well the internal tensions within ODS and also within the coalition. After the fall of the government, and a long political negotiation between the two main political forces (ČSSD and ODS) the state President nominated Jan Fischer to take office as an independent Prime Minister leading an interim caretaker government. This government was operational until the elections held in the end of May 2010.

²⁵ Kéglér, Ádám (2008): Az EU tagországainak befolyásolási ereje: az érdekvérvényesítési index (The intensity of influence of the EU Member States: the interest representation index), Európai Tükör, XIII/12, 2008. december.

Interests, positions and influence in major political issues

Enlargement

The enlargement process – which continues after the Romanian and Bulgarian accession in 2007 – was one of the most important topics in the programme of the trio presidencies of France, the Czech Republic and Sweden. Published on 5 November 2008, the enlargement package was called “Enlargement Strategy and Main Challenges 2008-2009”. On 8 December 2008, the EU General Affairs and External Relations Council (GAERC) adopted the Conclusions on Enlargement, based on the aforementioned document, from which it follows that the enlargement process will continue on the basis of the renewed consensus achieved at a meeting of the European Council in December 2006.

The heads of the EU Member States in the European Council have agreed in end of 2006 to extend the EU membership perspective to countries in South East Europe: Croatia, the Former Yugoslav Republic of Macedonia, Albania, Bosnia and Herzegovina, Montenegro, Serbia, Kosovo (under UN Security Council Resolution 1244) and Turkey.²⁶ Today Croatia, Macedonia (Former Yugoslav Republic of Macedonia) and Turkey are candidate countries, the others are potential candidates. Because of the long ratification process of the Lisbon Treaty in the Czech Republic, the foreign strategy of the country was that Croatia’s accession should take place as soon as possible and independently of the general course of the Lisbon Treaty’s entry into force.²⁷ According to the Czech position, negotiations with Croatia should be speeded up while Serbia, Montenegro and Albania remain important potential candidates.

In contrast to the preceding Presidency held by France, the Czech Republic – which came after it – stood for the full-fledged membership of Turkey in the EU, assuming the country meets the accession conditions.

It is also important to mention that after the “big-bang” enlargement in 2004 this is the first time that a Commissioner of “Enlargement and European Neighbourhood Policy” is coming from a new Member State. This position is now held by Czech Štefan Füle in the second Barroso Commission working until 2014. In this position Mr Füle might be able to indirectly represent the pro-enlargement stance of Prague in the years to come.

ENP Eastern dimension

The European Neighbourhood Policy Instrument (ENPI) is used to support the EU’s objectives for its Neighbourhood Policy, especially for project financing. The beneficiaries in Eastern Europe and the

²⁶ European Commission (2009): Enlargement Strategy and Main Challenges 2009-2010.

http://ec.europa.eu/enlargement/pdf/key_documents/2009/strategy_paper_2009_en.pdf

²⁷ Ministry of Foreign Affairs of the Czech Republic (2009): Report on the Foreign Policy of the Czech Republic 2008. <http://www.mzv.cz/file/415000/Report2008.pdf>

South Caucasus are Ukraine, Moldova, Armenia, Azerbaijan, Georgia (and on an ad hoc basis Belarus). A new instrument for the Neighbourhood Policy, one which was further strengthened in 2008, is the Neighbourhood Investment Facility (NIF) which provides funding from the EU budget for investments in priority areas of neighbouring countries' infrastructure, especially transport, energy, the environment, small and medium enterprises and social affairs.

In 2008, a new instrument began operating aimed at increasing the volume of NIF funding – the NIF Trust Fund. It is managed by the EIB and Member States can deposit contributions on a voluntary basis. The forecast volume of funds is in the order of tens of millions of euros, so it will supplement funds in the NIF coming from the EU budget, as well as supplementing EIB loans.

On 12 December 2008, the Czech Republic became one of the largest contributors to the NIF Trust Fund with a deposit of 2 million euros. Since 31 March 2009 Prague has two votes in the Fund's Executive Committee for a period of three years. The Czech Republic officially became party to the Agreement when it was signed by the Minister of Foreign Affairs on 26 January 2009.

European Security and Defence Policy

The Czech Republic supports the European Security and Defence Policy which, however, should be in harmony with its other obligations, such as NATO membership or participation in OSCE. The Czech Republic actually allies with those EU members that attach a great importance to the OSCE. Support for this organisation is one of the long-term priorities of the Czech government. The Czech Republic supports balanced activity of all three dimensions of the OSCE, namely politico-military, economic and environmental, as well as human rights. Furthermore it takes part in the observance of the adopted standards in these dimensions by all participant states. The Czech Republic coordinates its activities in OSCE with the other EU Member States.

For the Czech Republic the Treaty on Conventional Armed Forces in Europe (CFE Treaty) is very important, it was signed by thirty countries. The Czech Republic continues to push for ratification of the Adapted Treaty on Conventional Armed Forces in Europe (Adapted CFE Treaty) which is significant for the Czech Republic not only because it removes the bloc-to-bloc basis of the treaty, but also because it improves the system of controlling the armed forces of the participating nations.

Institutional issues: negotiations on and ratification of the Lisbon Treaty

Concerning the Lisbon Treaty Czech Republic exercised the *biggest influence* next to Ireland. But this influence was not a pro-Treaty strategy, on the contrary: an anti-Treaty stance! The Czech Presidency had begun on 1 January 2009 without a parliamentary ratification of the Lisbon Treaty. In February 2009 the document was passed by the Chamber of Deputies (lower house). In its turn the Senate (upper house) sent some parts of the document to the Czech Constitutional Court to examine if they are compatible with the Czech constitution. After a positive answer, the lower chamber adopted the

Treaty in the beginning of May 2009. After the parliamentary ratification, President Václav Klaus manifested that he would not ratify the Lisbon Treaty because of its rejection by Irish voters in 2008. He had another pretext too, namely some senators sent the Treaty as a whole to the Constitutional Court for approval. Klaus's veto could have been a problem, because without him the document could not have been enforced. After the successful second Irish referendum and the confirmation by the Czech Constitutional Court of the Treaty, however, Klaus had no more "excuse". He nevertheless achieved that in "exchange" to his signature some specific clauses could be attached to the Treaty (to be enforced later on). After the President's demand was fulfilled, he signed the document, and the Czech Republic was thus the last country to ratify the Treaty.

European Council Presidency

As part of the French-Czech-Swedish trio, from 1 January 2008 to 30 June 2009, the Czech Republic was to hold the six-month rotating Presidency of the European Union, organising and chairing EU summits (European Councils) and meetings of the Council of Ministers, COREPER and all working groups. In 2008, the Czech government revealed the motto of its Presidency: "Europe without barriers". As it could have been expected before, this Presidency gave some surprises, new experiences and some lessons too. The country has had to deal with unanticipated and complex domestic and European problems, including the ratification of the Lisbon Treaty and the financial crisis.

At a technical level, the Czech Presidency's 1650 or so officials oversaw 84 new pieces of EU legislation in areas including financial regulation, visa policy and air transport. They chaired 2400 meetings of EU diplomats and 38 meetings of EU ministers.²⁸

The Czech Presidency has solved the "gas crisis", between Russia and Ukraine. The active approach and diplomatic efforts of the Czech Presidency significantly contributed to the fact that Russia and Ukraine finally resolved their mutual economic dispute and that the supply of gas to Europe was restored. In the previous years Europe learned how important the security of energy supply can be. In order to reduce the negative impact of international political issues there is now a tangible improvement in cooperation at the European level. With the aim of introducing a common energy policy and ensure energy security, the Energy Action Plan and the third version of the energy liberalisation package were elaborated. Promoting energy efficiency new resources were introduced. With a view to financing investments improving energy efficiency in the housing sector (i.e. use of renewable sources in dwelling buildings) revision of the Regulation on the European Regional Development Fund was worked out during the Czech Presidency.

As far as the world economy is concerned, the Czech Presidency had to react to the challenges posed by the global financial and economic crisis. In order to lessen economic backlash in the Member

²⁸ Government of the Czech Republic (2009): Achievements of the Czech Presidency of the Council of the EU. <http://www.eu2009.cz/scripts/file.php?id=61211&down=yes>

States, EU subsidies were increased (with 75 billion euros) to contribute to increase the resources of International Monetary Fund.

The European Economic Recovery Plan was also implemented under the Czech Presidency. Another important measure was to allow Member States to introduce reduced VAT tax on some labour-intensive services towards maintaining employment and economic output of this sector.

With the aim of improving financial supervision and changes in the regulation of financial markets significant progress was made under the Czech Presidency towards restoring confidence in financial markets. The negotiations on all key legislative proposals in the financial services area which the Presidency set as its objective were concluded successfully. For instance Solvency II Directive in the field of insurance, Capital Requirements Directive in the banking sector, regulation on credit rating agencies, and legislation on cross-border payments in euro and electronic money institutions were made.

All in all it can be stated that at technical level the Czech Presidency was successful. On the other hand, concerning the goal of improving the reputation/image of the Czech Republic, the Presidency was not really successful. Due to renewing conflicts between the President and the Prime Minister, there was no strong and jointly supported EU policy by the Czech political elite. In a political evaluation the Czech Republic was not able to become an impulsive force for the future of the European Union during its Presidency term.

Interests, positions and influence in some key policy areas

There are of course countless topics concerning national interest. Specification of all those topics is a bootless business, because the picture is rather complex, and not everything is connected directly to the EU. For example such key issues as the implementation of healthcare, pension or education reform, the Czech government has to use internal resources and has to make own efforts to face those challenges. There are other issues, however, where the European Union plays an important role – in terms of legislation, coordination or even financial support, i.e. economic policy, social cohesion, environment, research and development, transport, migration among others.²⁹ The Czech interests on some of these are evoked below.

Common Agricultural Policy

In general, the Czech Republic approaches this issue with the aim of ensuring the competitiveness of the Czech agricultural sector while respecting the principles of sustainable development of rural areas, environmental protection, the preservation of diversity and the safety and quality of food stuffs. As to the Health Check of the CAP the Czech Republic could protect its agricultural sector and

²⁹ Spok, Radomir (2009): Country Report: Czech Republic – The Unfinished Business of the Fifth Enlargement Countries. http://eupi.osi.bg/fce/001/0070/files/02_Czech_Republic_online.pdf

has not been affected by the cuts in subsidies. Nevertheless, Prague has recently raised its sharp criticism during a Council meeting in November 2009 concerning the Council Regulation amending Regulation (EC) No 73/2009 establishing common rules for direct support schemes under the Common Agricultural Policy and establishing certain support schemes for farmers.³⁰

“The Czech Republic expresses its deep disappointment with the process of negotiations on the proposal on the CAP “Health Check” corrections. The proposal was originally intended as a technical exercise aimed at correcting certain non-political elements of the agreement on the Health Check of the Common Agricultural Policy reached under the French Presidency.

Contrary to this aim, in the course of negotiations the original Commission's proposal was amended in a way that goes significantly beyond technical aspects of the proposal and brings retrospective policy changes to the existing political agreement. The nature of these changes will have adverse effects on fair competition of dairy producers in the Single Market and would further deepen existing income gaps between EU regions and sectors, instead of narrowing them. The Czech Republic is particularly concerned about the non-transparent way of presenting modifications of a political nature at a very late stage in the negotiations as well as about the exclusion of ministers for agriculture from discussing the issue. Under these circumstances, the Czech Republic regretfully votes against the proposal.”

Budget

The Czech Republic is a net beneficiary of the EU budget. It has a very small agricultural sector supported by the CAP while seven of the eight NUTS II regions are below the 75% development threshold, thereby benefiting from regional funds. Therefore the Czech Republic is interested in the present system of financing common policies.

During the debate on the financial perspective of 2007-2013 the Czech Republic represented the position to keep the budgetary ceiling of 1.24% of EU GNI. On the income side the Czechs were in favour of a simple and transparent system mainly based on the GNI formula (they preferred to abolish the VAT contribution and were opposed to any European tax). On the expenditure side they emphasised the importance of cohesion and competitiveness coupled with the Lisbon goals.³¹

In 2005 the Czechs also stressed a specific interest jointly with some other Member States concerning the Council Regulation on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).³² Hungary, Poland, the Czech Republic and Lithuania made the following statement supported by Slovakia: *“Hungary, Poland, the Czech Republic and Lithuania*

³⁰ 2980th meeting of the Council of the European Union (EMPLOYMENT, SOCIAL POLICY, HEALTH and CONSUMER AFFAIRS), held in Brussels on 30 November and 1 December 2009

³¹ Túry, Gábor (2004): Csehország (Czech Republic), In: Szemlér, Tamás (ed.). EU-költségvetés 2007-2013: érdekek és álláspontok (EU budget 2007-2013: interests and positions), MTA VKI, Budapest, 2004, p. 221.

³² 2677th meeting of the Council of the European Union (AGRICULTURE and FISHERIES), held in Brussels on 19 and 20 September 2005

support all the efforts to make progress on the legislative proposals that underpin the financial framework. In that context they welcome the adoption of the regulation on support for rural development by the European Agricultural Fund for Rural Development. However, the provisions of the regulation governing the eligibility of non-recoverable VAT must not be regarded as a reference for the other relevant legislative proposals. Hungary, Poland, the Czech Republic and Lithuania reiterate their position taken at the June European Council that the rules on non-recoverable VAT should be the same as those that apply to the structural funds and to the cohesion fund for the programming period 2000-2006.”

Internal Market

As a country fully committed to liberal market economy based on competition, from autumn 2008 onwards the Czech Republic endeavoured to ensure that even with the ongoing economic crisis the four fundamental freedoms of the Internal Market (free movement of persons, goods, services and capital) were not disrupted and that protectionism and state intervention in the EU economy remained within the bounds of reason.

As regards the Services Directive the Czech Republic has always been among those Member States favouring full liberalisation. According to Prague, practically all services should have been integrated under the Directive including those of “general interest”). The Czechs wanted to see a strict application of the country of origin principle coupled with no transfer of health care costs and a liberal regime of dispatching of workers.³³

The Czech Republic also promotes fighting red tape and lessening bureaucracy for enterprises. It is therefore an advocate for the “Better Regulation” package of the Commission and this item was also high on the Presidency’s agenda. The Czech government initiated and joined the so-called Prague Declaration of May 2008, signed by governments of the UK, Sweden, Denmark, Estonia, the Netherlands and Germany. In the Declaration the parties express their common will for further cooperation in Better Regulation and better business environment. The ultimate aim is a reduction of all administrative burdens on business by 25% by 2012.³⁴

Environment, energy/climate

Concerning environment protection, the Czech Republic would like to see a much stronger EU commitment also in financial terms. This attitude can well be proved by two statements cited below, which Prague had joined.

³³ Rihácková, Vera (2009): Czech Republic – The EU New Member States as Agenda Setters in the Enlarged European Union, European Policies Initiative–Open Society Institute, Sofia, 2009, p. 13.

http://eupi.osi.bg/fce/001/0070/files/CzechRepublicCountryReport_OSI-Sofia_EuPI_April2009_.pdf

³⁴ Rihácková (2009), p. 12.

On the subject of the Regulation of the European Parliament and of the Council amending Regulation (EC) No 1655/2000 concerning the Financial Instrument for the Environment (LIFE) the Czechs made the following statement together with other countries:³⁵

“Portugal, Spain, Italy, Greece, Poland, Cyprus and the Czech Republic recognise the importance of extending LIFE by a further 2 years, considering it is the EU's only financial instrument aimed specifically at tackling environment and nature conservation. However, Portugal, Spain, Italy, Greece, Poland, Cyprus and the Czech Republic believe that allocating only EUR 317,2 million for the 2005-2006 period, therefore significantly reducing its annual endowment in relation to the preceding phases of LIFE, taking also into account the enlargement of the EU, will seriously undermine the results of the programme and the efforts of the Member States in implementing the Natura 2000 Network. It will make it even more difficult for all the stakeholders to understand the fact that, on the one hand, the Community is pressing ahead with the establishment of the Natura 2000 Network and, simultaneously, is reducing the already small budget allocated for projects in this field.

Cyprus and the Czech Republic have striven to improve the LIFE Regulation along the lines referred to in the present statement. However, Cyprus and the Czech Republic vote in favour, as this Regulation includes many positive features.”

Furthermore in 2005 the Czech representatives joined the following statement:

“Belgium, the Czech Republic, Estonia, Greece, Spain, Italy, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Portugal, Slovenia and Slovakia emphasize that the Natura 2000 Network is the main tool for biodiversity conservation within the EU and is essential for meeting the target of halting biodiversity loss by 2010, and thus thank the Commission for its efforts in preparing this Communication on Financing Natura 2000, a crucial aspect to effectively develop the network. At the same time, however, we regret the significant delay in finalising this Communication, particularly as it only came to up after the Communication on the financial perspectives and its proposals for implementing instruments.”³⁶

Concerning the theme of climate change, the Czech Republic had a remark with Austria, Denmark, Hungary and Italy³⁷ concerning the Preparation of the Twelfth Conference of the Parties (COP 12) to the United Nations Framework Convention on Climate Change (UNFCCC) in conjunction with the second session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP 2) (Nairobi, 6-17 November 2006):

³⁵ 2602nd meeting of the Council of the European Union (GENERAL AFFAIRS and EXTERNAL RELATIONS) held in Brussels on 26 July 2004

³⁶ 2610th meeting of the Council of the European Union (ENVIRONMENT), held in Luxembourg on 14 October 2004

³⁷ 2757th meeting of the Council of the European Union (ENVIRONMENT), held in Luxembourg on 23 October 2006

“Austria, the Czech Republic, Denmark, Hungary and Italy consider that carbon capture and geological storage should be regarded as only one of several existing and emerging technology options to reduce greenhouse gas emissions. Key concerns with regard to carbon capture and geological storage have not been sufficiently addressed so far. Priority should still be given to other measures, in particular the use of renewable energy sources, energy efficiency as well as technical and structural measures in the transport sector.”

Regarding the adoption of Council conclusions on the issue of European energy strategy for transport, the Czech Republic, Slovakia and Hungary made the following joint statement.³⁸ *“The Czech Republic, Slovakia and Hungary interpret the wording of bullet point 1 (Road Transport) of the Council Conclusions on a European energy strategy for transport (Lisbon strategy) in a way that will enable the Commission to take into account the diversity of the European automotive industry, when preparing the framework for attaining the target for average CO2 emissions from the fleet of new cars sold in the EU.”*

Crisis management in the EU framework

The Czech government showed an initial denial as regards the global crisis's any significant effects on the domestic economy. CSSD, the opposition party at the time (end of 2008) was voicing a different message and suggested its own recipes for a remedy. While preparing itself for the Presidency (starting in January 2009) the government finally had to launch anti-crisis measures as well. The economy was hit by a sharp decrease of external demand for Czech exports (made up mainly of durable consumer goods). The first reaction of the government to this situation was the adoption of the “National Anti-Crisis Plan” in the beginning of 2009. Czech anti-crisis measures have a strong pro-business flavour, and have a partially forward-looking and modernising approach. The anti-crisis measures had four main priorities: first, to restore confidence in the domestic financial sector; secondly, to pre-empt and eliminate the risks of the global financial crisis; thirdly to find impulses to stimulate economic growth; and finally to find tools to stabilise and increase the flexibility of the economic environment.

The Czech government had to deal with crisis management not only at the national level but also at the EU level under the Czech Presidency term. The Czech Presidency had clear and detailed priorities about common EU issues to be tackled by the Union, however, most of these priorities were overwritten by the expanding global economic crisis severely hitting the European economy too. This unexpected situation brought about new challenges to the Czech and the following Presidencies. The ability to change priorities and goals and to be innovative are the most important criteria of a Presidency. The main proof of this under the Czech Presidency was among others the adoption of the “disburden criteria” in the case of benefiting from EU funds. This means that in certain cases the

³⁸ 2805th meeting of the Council (TRANSPORT, TELECOMMUNICATIONS and ENERGY), held in Luxembourg on 6, 7 and 8 June 2007

would-be beneficiary entrepreneurs do not have to promise to create more jobs, a pledge to maintain existing workplaces is sufficient.

Institutional set up of EU affairs

Concerning EU affairs in the Czech Republic, there is a Minister for European Affairs in the Office of the Government. He is the leader of the European Affairs Office managing European Union issues in the Czech Republic. To the main tasks of the European Affairs Office³⁹ primarily belong:

- coordination of the European policies at individual ministries and the function of an independent mediator, which links the various departments together;
- coordination and analytical role in relation to the formulation of the Czech Republic's positions for the various meetings of the European Union;
- responsibility for communication with the public and informing the public about European affairs.

The European Affairs Office has some strategic priorities such as work on the current issues and the future of the EU, assuming the coordination role, and carrying out some lobbying activities as well. (E.g. the European Affairs Office is involved in the bid of the Czech Republic for the headquarters of the European Navigation System (Galileo) to be located in Prague.)

Contributing to the successful implementation of the Lisbon Treaty, during the ratification period, the Office prepared an "Analysis of impacts of the Lisbon Treaty," clarifying the main directions and also the main problems brought about by the Lisbon Treaty. It also addresses the related changes and how they will appear in practice.

Second main priority is to draft the Czech position on the "EU2020 Strategy". At present time, an EU-wide discussion is taking place on how the new document will look like. The Czech Republic emphasises in this connection primarily the increased economic growth, employment and competitiveness of the European Union in the global world. The EU should therefore focus on such challenges as the aging population, insufficient rise in work productivity, sustainability of public finances or the intensifying global competition.

Concluding remarks

The new EU Member States share some specific problems (e.g. poor infrastructure, lower development levels) even after their accession to the EU. It would seem to be logical that the NMS would form coalitions to fight these challenges in common at the EU level. The experience of the past six years, however, does not always prove this hypothesis. The Czech Republic asserted its national interests even alone (e.g. Lisbon Treaty), or in coalition with other new as well as old Member States.

³⁹ <http://www.vlada.cz/en/evropske-zalezitosti/european-affairs-17539/>

The Czech Republic behaved as a “normal” Member State, namely it made/joined coalitions with other fellow member governments regardless of their being old or new, and Prague was also able to represent its national interests even if it remained alone.

In some areas the Czech Republic has a clear and strong vision. For instance in case of enlargement, in contrast to the preceding Presidency held by France, the Czech Republic stood for the full-fledged membership of Turkey in the EU, assuming the country meets the accession conditions. The Czech Republic is a liberal-minded country as regards economic policy – this is why it fully supports the real completion of the Internal Market by lifting all remaining barriers. At the same time, the Czech Republic has a more conservative stance when it comes to redistributive policies of the EU such as the CAP and Cohesion Policy.

In the European Union the Czech Republic has been treated as a “eurosceptic” country. Presidential statements only confirmed this opinion. However, the picture is not so homogeneous. From the political point of view there are eurosceptic parties both on the left side (Communist Party – KČM) and on the right side the (Party of Free Citizens – SSO). But these have never been in government, while all governing parties so far were pro-EU.

ESTONIA (SÁNDOR MEISEL)

Political leadership of Estonia between May 2004 – May 2010		
Prime Minister	Period	Composition of the Government
Juhan Parts (Res Publica Party)	May 2004 – March 2005	Res Publica Party Reform Party People's Union of Estonia
Andrus Ansip (Reform Party)	March 2005 – March 2007	Reform Party Estonian Centre Party People's Union of Estonia
<i>Parliamentary elections</i>		
Andrus Ansip (Reform Party)	March 2007 –	Reform Party Union of Pro Patria and Res Publica Social Democratic Party (in May 2009 left the coalition)

Interests, positions and influence in major political issues

Enlargement

Estonia is positively minded towards EU enlargement. It supports further enlargement as it thereby increases the security and well being of the whole Europe, including Estonia. The perspective to join the EU is encouraging candidate countries to implement necessary political and economic reforms. Enlargement also enhances competitiveness of the Union itself.⁴⁰ However, this applies only if the candidate states have followed and accomplished all the formalities and technical details. Estonia favours taking in new members if they have fulfilled their preparatory tasks. The Estonian position can be considered passive in a sense that it is not willing to join any coalition of Member States to block or to support any of the candidate countries.⁴¹ According to its view all acceding countries

⁴⁰ Estonia's European Union Policy 2007-2011, Approved by the Republic of Estonia on 25 October 2007.
http://www.riigikantselei.ee/failid/ELPOL_2007_2011EN.pdf

⁴¹ Veebel, Viljar (2009): Estonia – The EU New Member States as Agenda Setters in the Enlarged European Union, European Policies Initiative–Open Society Institute, Sofia, p. 38.
http://eupi.osi.bg/fce/001/0070/files/EstoniaCountryReport_OSI-Sofia_EuPI_April2009_.pdf

should be evaluated on the basis of their merits. Although Estonia wishes that the problems of the Croatian accession be resolved as soon as possible, generally it does not make any distinction between the candidates. That is, Estonia supports Croatia in finalising accession negotiations and Turkey in moving on in accession talks and also supports Macedonia and other Balkan countries in their accession aspirations. But all the accession or association conditions must be met. Estonia also understands the concerns of some Member States on enlargement.

ENP and its Eastern Dimension

The European Neighbourhood Policy is seen as a suitable capacity for Estonia in EU external affairs. Estonian engagement in the framework of ENP has been partly channelled through development cooperation offered to some countries bilaterally. In the current period, among the ENP states three countries are defined as priority partners to develop tighter cooperation with: Georgia, Moldova and Ukraine. Estonia considers that for the EU the Baltic States represent a necessary stock of competence and resource for furthering the integration process vis-à-vis these three countries. Among different kinds of support, the Baltic States can offer the ENP countries support in border management, financial sector management, training for civil servants and information technology application in public services. Transfer of know-how is mainly aimed at younger, mid-level civil servants involved in the EU and NATO matters. Estonian financial support for ENP projects has doubled in the last two years. Further growth depends mainly on the target countries' ability to use the additional resources.

Estonia welcomed the Polish-Swedish ENP Eastern Partnership creating a new cooperation framework for economic and later political cooperation between the EU and the Eastern European states in order to promote free market principles, enlarging the Internal Market, to accord visa freedom etc. Estonia feels that it is important to further develop the initiative in accordance with the Prague declaration. It emphasises the Eastern Dimension must be flexible enough to allow an individual approach to partner nations, permitting the EU to move more quickly with the countries that are prepared for it.⁴² According to the Estonian view, this process should be apart from the development of the Mediterranean Partnership with Northern African states, which have a different historical experience and state structures and should be therefore treated differently from the Eastern European region. Estonia is supporting the Eastern Partnership at the highest level, finding it extremely important for the region's stability.

European Security and Defence Policy

Estonia does not share the enthusiasm that the EU needs ESDP to play a greater role in the global arena. The situation where motivation for a mission and intervention comes from certain countries but the costs have to be financed by all the participants is, according to the Estonian view, highly de-

⁴² Estonian Ministry of Foreign Affairs, Estonian Embassy in the UK (2010).
http://www.estonia.gov.uk/frontpage/estonia_in_the_eu/newwin/aid-74

motivating. Estonia would support a more “communitarised” policy model for ESDP. It is ready to support enhanced EDSP to make it effective in Europe and on the Eastern border, and is open for the development of permanent structural cooperation, in the hopes this will increase ESDP’s practical capabilities. Estonia would be more interested in European capabilities cooperation, supports ESDP missions, but does not have additional reserves for the missions.⁴³

The Baltic Sea Region Cooperation

Estonia is an active and strong supporter and is in favour of a common Baltic Sea Strategy. Its concern and interest include among others energy security, environmental and economic issues. Estonia supports the most ambitious version of the Baltic Sea Strategy and the objective to develop the Baltic Sea area into the first fully integrated region in the EU. Through the Baltic Sea Region Strategy Estonia wants to increase competitiveness of the region and of the entire EU and create an additional lever for getting out of the financial crisis.⁴⁴

Minority rights

Although Estonia in most of the issues concerning minority rights is rather a decision-taker or supporter, on the question of integration of historical, in the case of Estonia, mainly Russian-speaking minorities takes a more active stance. This problem is predominantly an internal one. The government already has made steps to develop an integration plan for historical minorities, to increase the number of citizenship holders, to address more adequately the needs of the Russian minority in Estonia and to develop a more consistent policy aiming at bringing the Estonian-speaking and Russian-speaking communities together.

Institutional issues: negotiations on and ratification of the Lisbon Treaty

The role of Estonia in the institutional issues was mainly one of decision-taker and not of an active decision-shaper, opponent or promoter. The country’s general objective is to assure equal and proportional representation of Member States in the institutions, giving a more equal representation to the new Member States. The other priority is to develop an effective and transparent institutional system. According to Tallinn’s standpoint, creation of new procedures, principles or institutions is needed only if there is a clear vision that these principles, procedures and new bodies will be practically applicable.

Institutional reforms introduced by the Lisbon Treaty satisfy Estonian interests, as they serve higher efficiency and better functionality in EU policy-making. Estonia sees no specific problem with the new Treaty.

⁴³ Veebel (2009), pp. 41-42.

⁴⁴ Government of Estonia (2007): Estonia’s European Union Policy 2007-2011. http://www.riigikantselei.ee/failid/ELPOL_2007_2011_EN.pdf

At a previous stage, Tallinn did not fully support the establishment of the position of the President of the European Council, but was ready to accept this initiative. Estonia doubted the functional need for this post and did not have a clear picture on the President's role relative to other traditional or new high posts. First, there is a danger that this position might increase the influence of bigger Member States. Second, the EU may indulge into an increased and ineffective competition between the institutions and into functional overlapping. Third, Estonia would prefer further clarification of the Council President's functions and competences.⁴⁵

Estonia supported establishing the High Representative position but insisted on clarification of the practical functions and procedures. Tallinn was not against the integrated External Action Service.

Concerning further institutional issues, Estonia supports the final version of qualified majority voting (double majority) and finds it better than the allocation of votes in the Nice Treaty. Estonia also welcomes the growing role of the European Parliament and is rather contented with its number of seats in the EP. The future of the European Commission was one of the main Estonian priorities within institutional reforms. Tallinn supports the reduction of the size of the Commission and the rotation system if it is transparent, equal and ensures access to information also for the countries not having a Commissioner during one cycle.

Estonia supported the inclusion of the Charter of Fundamental Rights in a legally binding way into the Lisbon Treaty, as it would bring the EU closer to the citizens and show its practical benefits.

Interests, positions and influence in some key policy areas

Internal Market

On the issues of the Internal Market Estonia formulated the priorities and objectives according to its general liberal approach.⁴⁶ Tallinn is especially interested in continuing deregulation and liberalisation of the Internal Market and supports initiatives aiming at removing the remaining obstacles to the functioning of it, including free movement of persons and services. In the latter question the country advocates and is very supportive of complete liberalisation and market opening, which may be the fastest way to widespread economic growth. Estonia stresses the need to continue liberalisation with regard to those service sectors that remained outside the scope of the Services Directive.

Since becoming a member of the EU, Estonia has always been against any tax harmonisation initiative on the EU level. This position especially concerns corporate taxation, which has been seen

⁴⁵ Veebel (2009), pp. 59-60.

⁴⁶ Veebel (2009), pp. 13-15.

as a cornerstone of Estonian attractiveness for foreign investors. This strong position seems to remain in place in the coming future.⁴⁷

Most of the Estonian private enterprises are small or medium-sized. Estonia actively promotes the participation of SMEs in the everyday life of the EU. In order to further strengthen the competitiveness of SMEs and the favourable economic environment for them it is important for Estonia to agree on the essential elements of the Small Business Act for Europe.

Budget

The Estonian government would like to create the image of a constructive pragmatist who does not talk much or all the time, but when expected to comment on some issues, the positions and propositions are well elaborated and thoroughly prepared. For the time being, the Estonian position therefore is that the budget has to be sufficient for all the involved parties, i.e. the provisions and sums in the budget in absolute numbers have to remain the same as today. In order to develop a more detailed Estonian position, policy areas covered by the general EU budget will be analysed to provide an assessment from the viewpoint of the Estonian and European taxpayer as to what activities should be financed at the EU level or the national level, or jointly.⁴⁸ The first more detailed Estonian decisions on the future budget have been postponed to 2012.

Common Agricultural Policy

The agricultural sector plays a very small role in the Estonian economy. This fact to a large extent influences the country's position on the CAP. Estonia promotes increasing market economy elements in the CAP and freeing the agricultural market from some existing restrictions. The Union's resources should be channelled to achieve these goals. The overall objectives of Estonia correlate with the Commission's priorities: more focused and less resourceful CAP.

Direct aid is seen as the most fundamental problem of the CAP. According to Tallinn, there is a need for a new ideological perspective as well as economic content and goals. There is also a need for an EU level analysis of possible reform scenarios concerning direct aid. The final aim according to the Estonian position should be lowering the amount of payments and increasing the efficiency of agricultural farms. Structural spending should decrease and innovation and research funding must grow. Tallinn's position on market mechanisms stipulates for developing more viable and competitive market regulation, enabling the EU agriculture to align with the general global world economic developments. At the same time, more attention and resources should be allocated to rural development action.

In the process of CAP Health Check, the position of Estonia can be considered pragmatist, it supports low-cost administration and execution. According to Tallinn, the CAP must remain a common policy

⁴⁷ Government of Estonia (2007)

⁴⁸ Government of Estonia (2007)

and this also applies to funding. In order to prevent an excessive increase in the share of state aid and unequal competition due to aid given to a different extent through the budgets of Member States, Estonia supports the provision of state aid on an equal basis, avoiding derogations.⁴⁹

Energy

Estonian government believes that up to now the Commission has focused its attention mainly on the aspects of environmental and energy markets, whereas the security of energy supplies, which interests Eastern European Member States has been neglected. For Estonia the impact of third-country imports on the energy supply security of EU Member States is an important question.⁵⁰

Estonia advocates limiting the influence and participation of third countries in energy economics. Here the government enjoys substantial support in the society. The government proposes to increase monitoring of the involvement of capital from third countries in strategically important energy businesses. In these questions Estonia tries to take the role of a decision-shaping player.

Estonia considers that the joint energy market of the Baltic States is too small to attract investments for building new production facilities or establishing energy unions in other EU countries or market areas. In this regard Tallinn is more sceptical as compared to Estonia's neighbouring EU Member States.

Area of freedom, security and justice

Estonia believes that joint action in the framework of the EU is an important element in implementing the principle of solidarity. The EU must become even more effective in supporting Member States in the field of civil protection. The greatest challenges in the following years include strengthening the capabilities of the EU mechanism for civil protection in response to major risks inside and outside the Union. In parallel, the objectives of Estonia in the field of freedom, security and justice relate also to developing a legal migration policy in the EU, which would be based on the labour market needs and would ensure effective instruments to control entry and exit of third-country nationals.⁵¹

Concerning immigration, Estonia does not have any major problems. Thus, Tallinn would like to preserve national competences regarding immigration instead of wide-spread harmonisation. It might not seem logical to see harmonised EU immigration policy as a priority while having very few immigrants and asylum seekers. Nevertheless, Estonia supports the improvement of practical cooperation between national asylum authorities of Member States.

⁴⁹ Government of Estonia (2007)

⁵⁰ Estonian Ministry of Foreign Affairs, Estonian Embassy in the UK (2010)

⁵¹ Veebel (2009), p. 48.

Crisis management in the EU framework

Estonia was sharply hit by the global financial and economic crisis. The government in the first period of the crisis took quick and adequate austerity steps to cut public expenditures. In the following period, in 2009 and 2010 Estonia successfully focused its efforts on a pro-active crisis management, generally in line with the recommendations of the European Economic Recovery Plan using the resources available in this framework. The resources have been concentrated on bringing forward the investments, improving conditions of financing the economy and contributing to a better flexibility of the labour market. During the crisis management, following the spirit of the EU level Plan, Tallinn made important steps to redirect investments towards future-oriented activities (energy saving and security, environment etc.), to upgrade social and physical infrastructure. At the same time, Estonia urges the elaboration and implementation of a comprehensive exit strategy in order to re-establish the competitive environment in Europe.

Institutional set up of EU affairs

In order to ensure efficient participation in the EU decision-making process, Estonia has adopted a relatively decentralised and flexible EU coordination system. The overall responsibility for coordinating EU issues in the government lies with the Prime Minister. The Prime Minister is supported by the director of EU affairs and the European Union Secretariat of the State Chancellery. The government adopts EU policies, sets priorities, discusses all potentially sensitive issues and at its weekly sessions endorses Estonian positions.

Line ministries are responsible for performing EU related tasks within their respective competencies, they are responsible for the preparation of Estonia's positions and instructions for the COREPER, the working groups and the different Councils. Effective interministerial cooperation is ensured by the Coordination Council of EU issues.

The European Union Secretariat of the State Chancellery supports and advises the Prime Minister and the government on various EU issues. It prepares the meetings of the above mentioned Coordination Council, coordinates preparation of Estonian positions for the government meetings, monitors the harmonisation of the acquis, maintains the EU document management system and coordinates the interministerial Lisbon Process working group. The Foreign Ministry coordinates and compiles COREPER positions, disseminates information on Estonian positions to other Member States.

The parliament is also an important player in the Estonian EU coordination system. It has a standing European Union Affairs Committee, which consists of members representing all parliamentary parties and line committees. The EU affairs committee monitors closely the government's

participation in the EU decision-making process. Moreover, all positions of the government on strategic EU issues have to be approved by this committee.⁵²

Concluding remarks

Since the spring of 2004, when Estonia became member of the European Union, the country has demonstrated that it is a constructive partner and continues with this pragmatic stance in its further integration into the EU. Estonia started its participation in the European Union with attempts at active participation but during the recent years Estonia's participation and performance has changed to more passive and less participant. When possible, Estonian representatives prefer supporting the majority opinion.

Estonia prefers and supports, in general, policies aiming at improving competitiveness and sufficient economic growth, based on deregulation and liberalisation of the Internal Market, which enables the Member States to benefit from a better and more competitive environment for both enterprises and citizens. Estonia supports all the main EU initiatives: institutional innovations, ongoing enlargement and new security initiatives. Estonian participation in everyday matters is focused on the topics that most influence Estonian economy and society. In Estonia's opinion, more attention should be given to far-reaching research and development integration in order to make the EU more competitive globally. The general attitude of Estonia is mainly to adjust to EU policies and initiatives and almost in all cases supporting them. Nevertheless, Estonia sometimes opposes to new rules that are working against its liberal principles.

The Estonian post-accession strategy is based on the government's documents entitled "Estonia's European Union Policy". The first document was approved in 2004 and covered the period of 2004-2006. The second one was issued in 2007 for the period of 2007-2011. This policy document focuses on the areas of Estonia's main interests, mentioned above, among them on a stronger, more efficient, more competitive and more open EU, new challenges such as energy and climate change, as well as better allocation of budgetary resources and an agriculture that is able to meet modern needs.

In general, the tactics of Estonian coalition building is based on constant search for partners in specific upcoming issues. Whenever a new EU decision or position is taken, the process of looking for like-minded partners begins, based on similar mutual goals to be achieved by the partnership. Throughout the process, existing personal contacts serve as a good starting point. Despite this pragmatic approach, in many cases the Baltic and Nordic countries are Estonia's most frequent coalition partners.

⁵² Coordination of EU issues in Estonia, State Chancellery of the Republic of Estonia.

<http://www.riigikantselei.ee/?id=5024>

Political leadership of Hungary between May 2004 – May 2010		
Prime Minister	Period	Composition of the Government
Ferenc Gyurcsány (Hungarian Socialist Party)	May 2004 – May 2006	MSZP-SZDSZ (Hungarian Socialist Party – Alliance of Free Democrats)
<i>Parliamentary elections</i>		
Ferenc Gyurcsány (Hungarian Socialist Party)	May 2006 – April 2009	MSZP-SZDSZ (until April 2008 when the liberal SZDSZ left the coalition)
Gordon Bajnai (Independent)	April 2009 – May 2010	A crisis managing government (MSZP + independent politicians)
<i>Parliamentary elections</i>		

Interests, positions and influence in major political issues

Enlargement

Hungary is one of the main supporters of further enlargement of the EU.⁵³ Budapest is of the view that the process must maintain its credibility therefore once the criteria are met any European country should be able to become a member. Hungary is especially interested in the integration of the Western Balkan countries; it has championed for the accession of Croatia and is strongly supporting the other potential candidates as well. Hungary favours the individual merit approach of the negotiations (against the group treatment approach). Hungary never raised any objection vis-à-vis the accession of any would-be new Member State. On the contrary, Budapest is especially interested in the EU membership of all its neighbours given the Hungarian communities living in these states. Hungary considers European integration as the best way to eliminate borders thereby enabling a kind of reunification of all Hungarians in the region.

⁵³ Külügyminisztérium (MFA) (2007): A kormány Európa-politikai stratégiájának irányai és feladatai (Ministry of Foreign Affairs: Directions and tasks of the Government's EU-policy). <http://www.kulugyminiszterium.hu/NR/rdonlyres/F5AA0E77-31AF-43D0-8C10-705EA6EE0842/0/EUstratteljes0801.pdf>

As regards the enlargement process more concretely,⁵⁴ Hungary considers Turkey as a potential full member but highlights the obligation (among others) to recognise Cyprus. In the case of Croatia Hungary strongly favoured faster negotiations and wanted to see the country's accession in 2011. As to Macedonia, despite some reservations about its preparedness, Budapest is supporting it in their preparations in the form of bilateral assistance. Hungary was in favour of signing Stabilisation and Association Agreement with Serbia, and (provided that Belgrade cooperates with the ICTY) will promote their accession process as well. Furthermore, Hungary is among the Member States which recognised the independent state of Kosovo.

ENP Eastern dimension

While Hungary is an important sponsor of enlargement it is not too actively engaged in formulating the Eastern dimension of the European Neighbourhood Policy (here it is pointless to mention the Southern or eventually the Northern dimensions of ENP in general, as well as the new strategies targeting the Black Sea or the Baltic Sea region in particular, as there are no stakes there for Hungary). Hungary fully supports the idea of an Eastern Partnership proposed by Poland and Sweden in June 2008⁵⁵ and launched in May 2009, but obviously it was not among the initiators of this proposal.

European Security and Defence Policy

Hungary favours an enhanced European Security and Defence Policy and the building up of stronger defence capacities at the EU level. Hungary actually deployed a staff of altogether 160 persons in the framework of four EU missions (the largest one in Sarajevo). At the same time, for Hungary NATO enjoys a high priority too (and the Hungarian presence in NATO missions is more significant than in the mentioned EU missions).⁵⁶ All in all however, in Hungary the military sector is small and rather underfinanced therefore Budapest does not play a significant role in promoting ESDP.

Minority rights

The issue of bringing minority rights up to the European level has always been important for Hungary. The first opportunity to do this was the European Convention to which Hungary contributed very actively. The Hungarians throughout the Convention and the following IGC wanted to have the wording of *"...human rights, including the rights of national and ethnic minorities."* This did not come through but the final text that is now in force, namely the first sentence of Article 2 of the Treaty on the European Union stipulates: *"The Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities."* This means that Hungary was able to bring up a new

⁵⁴ Pogátsa, Zoltán (2009): Hungary – The EU New Member States as Agenda Setters in the Enlarged European Union, European Policies Initiative–Open Society Institute, Sofia, 2009.

http://eupi.osi.bg/fce/001/0070/files/HungaryCountryReport_OSI-Sofia_EuPI_April2009_.pdf

⁵⁵ Polish-Swedish Proposal: Eastern Partnership. <http://www.msz.gov.pl/Polish-Swedish,Proposal,19911.html>

⁵⁶ Pogátsa (2009), p. 27.

issue onto the EU agenda, and it was also able to lobby for it and to push it through even though in the beginning Budapest had just a few supporters of this proposal!

Still within the minority “dossier” it is important to mention that Hungary (mainly through its two Roma MEPs between 2004-2009) tried to promote the creation of a European Roma Strategy including minimal benchmarks.⁵⁷ This is an important issue in Hungary and in many other EU members. Although such a strategy is hardly taking shape, Hungary is likely to champion for this in the future too.

Institutional issues: negotiations on and ratification of the Lisbon Treaty

During the negotiations on the Constitutional/Lisbon Treaty Hungary mainly allied with the small and medium-sized countries on institutional issues.⁵⁸ In the beginning Hungary wanted to keep the principle of one Commissioner per Member State and also that of presiding over the European Council.

On the other hand, Hungary is in favour of a strong and efficient European Union therefore it made all necessary compromises that can push the EU to become stronger and more efficient. Thus Hungary agreed to cut back the size of the Commission in the longer run and to have one permanent President of the European Council. It also supported the creation of a stronger “foreign minister” who can become an important driver and implementer of CFSP. As regards the voting system in the Council Hungary is actually better off with the Nice weighted votes than with the double majority voting. Nevertheless, Hungary has been supporting this formula from the outset as it facilitates further enlargements and does not really deteriorate the Hungarian position.

As to the role of the European Parliament Hungary has always been keen on increasing democratic input and decreasing democratic deficit within the EU decision-making system, and this can be done by strengthening the role of the EP. Therefore Hungary welcomed the fact that with the Lisbon Treaty the “ordinary legislative procedure” became the rule and any other type of participation of the EP is the exception. As to the size, Hungary had no special position on that. Hungary currently has 22 seats in the EP while it used to have 24 in the previous cycle.

Here however, there was one important conflict during the accession negotiations where Hungary (together with the Czech Republic) had to defend its national interests. Namely, Hungary and the Czech Republic were given in Nice (December 2000) only 20 seats in the EP while the other three Member States with 10 million inhabitants were given 22. This open discrimination had to be solved

⁵⁷ Pogátsa (2009), p. 14.

⁵⁸ On the Hungarian interests and views see: Vida, Krisztina (2004): Der Verfassungsvertrag des Konvents aus ungarischer Sicht. In Bruha, T. – Schäfer, W. – Wass von Czege, A. G. (eds): Die Europäische Union nach der Erweiterung – Deutsche und ungarische Standpunkte, Nomos, Baden-Baden, pp. 177-182.

during the accession negotiations, and the “deal” could be met easily, as Romania and Bulgaria joined later, so all five concerned countries received 24 seats each in the EP elections of 2004.

Concerning the status of the Charter of Fundamental Rights, Hungary has been in favour of incorporating it into primary law. Initially Hungary wanted to insert the mentioned minority rights into the Charter but according to the majority view the Charter was not to be reopened. Therefore the reference to minority rights was finally made in the main text of the new Treaty, which now means it enjoys a slightly stronger status.

Hungary was the second country to ratify the Constitutional Treaty and the first to ratify the Lisbon Treaty. In both cases the parliamentary ratification was done via an overwhelming majority reflecting the wide national consensus on the reform of the EU’s legal fundamentals.

Interests, positions and influence in some key policy areas

Common Agricultural Policy

Hungary is a net beneficiary of the Common Agricultural Policy especially due to the fact that farming activities are dominated by plant growing. In Hungary agriculture makes up 3% of GDP and employs 5% of the workforce. Hungary has excellent potentials for increased activities if the need arises (which cannot be excluded). In any case Budapest is interested in either maintaining the present system of direct payments coupled with rural development, or it would be interested in strengthening the second pillar of the CAP as a compromise (if direct payments were to be decreased gradually). Hungary is definitely not interested in re-nationalisation of financing of agricultural production as a whole.⁵⁹ In order to assert this position the Hungarian government, as well as Hungarian MEPs have published open letters in this regard.⁶⁰

Beyond the general approach Hungary has also many special interests within this policy field. Three examples can be mentioned. The first one is the Hungarian “fight” against GMOs in food products: actually Hungary was already twice backed by the Council (in 2007 and in 2009) to maintain its ban on genetically modified crops (maize) against the insistence of the Commission to lift the ban.⁶¹ This behaviour reflects the very negative stance of the Hungarian public concerning GMOs. The second case is the Hungarian reservations vis-à-vis prohibiting some kinds of plant protection chemicals by the EU with a view to consumers’ health. Here Hungary sees the danger of too limited tools to protect the “strategically important” plants.⁶² Therefore Hungary abstained from the vote during the Council meeting of 24-25 September 2009. The third issue is one of the few examples where the new

⁵⁹ MFA (2007), p. 23.

⁶⁰ Pogátsa (2009), p. 23.

⁶¹ Reuters (2 March 2009): EU upholds Austria, Hungary right to ban GM crops. <http://www.reuters.com/article/idUSTRE5212OL20090302>

⁶² Council of the European Union, Brussels, 24-25 September 2009, 13644/09, ADD 1, pp. 14-15. <http://register.consilium.europa.eu/pdf/en/09/st13/st13644-ad01.en09.pdf>

Member States put a proposal forward together. This move dates back to June 2007 when nine of the twelve new Member States tabled a “Common proposal from Bulgaria, the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Poland, Romania and Slovakia concerning the implementation of the system of cross compliance in the new Member States (10481/07 AGRI 185)”⁶³

Budget

Regarding the EU budget in general Hungary is of the view that any reform of it must be a balanced one providing for stability of the functioning of the EU. On the income side Hungary would like see the rebate and any other special treatment abolished. Hungary, together with other 11 Member States, made the following statement⁶⁴ in this regard during the Council meeting of 6-8 June 2007: *“Future changes of the own resources system should move towards a rules based system for financing the jointly agreed expenditures being simple, transparent and without adjustments for specific Member States.”*

On the expenditure side Hungary would prefer the 1.24% of EU GNI fully committed to the different policies.⁶⁵ Within that Hungary attaches great importance to the CAP (although it does not have an orthodox approach as mentioned) and Hungary is also one of the “friends of Cohesion Policy” (proclaimed by the four Visegrad countries during the debate on the 2007-2013 financial perspective).⁶⁶ In connection to Cohesion Policy Hungary seeks to highlight the fact that the catching up of less developed regions serves the competitiveness of the Union as a whole. Hungary is strongly interested in the continuation of Cohesion Policy after 2013 too.⁶⁷

Internal Market

Hungary – similarly to all new Member States – is interested in the completion of the Internal Market based on the four freedoms. As regards free movement of workers Hungary expressed its national interests in two directions. On the one hand, it urges those old EU Member States which still maintain limitations vis-à-vis Hungarian jobseekers to abolish these restrictions as soon as possible. On the other hand, upon the entry of Romania and Bulgaria, Hungary applied the same 2+3+2 formula vis-à-vis jobseekers from these two countries due to the extremely low domestic employment rate.

Concerning the free movement of services Hungary expressed its interest to liberalise this policy area to the utmost, as the lack of a liberalised services market (providing for 70% of both EU GDP and

⁶³ Council of the European Union, Luxembourg, 11-12 June 2007, 10634/07, p. 9.

⁶⁴ Council of the European Union, Luxembourg, 6-8 June 2007, 10512/07, ADD 1, p. 4.

⁶⁵ Inotai, András (2004): Az Európai Unió költségvetése és Magyarország (The budget of the European Union and Hungary) In: Szemlér, Tamás (ed.). EU-költségvetés 2007-2013: érdekek és álláspontok (EU budget 2007-2013: interests and positions), MTA VKI, Budapest, 2004, p. 292.

⁶⁶ MFA (2007), p. 5.

⁶⁷ MFA (2007), p. 23.

employment) hampers EU competitiveness.⁶⁸ According to Hungary the existence of 27 different national regulations of this sector set back innovation and job creation too. Therefore, during the debate on the Services Directive in 2006 Hungary represented a liberal position. Actually, Hungary together with the UK, the Netherlands, Spain, Poland, and the Czech Republic “signed a letter in the run-up to the parliamentary vote in February, calling on the European Commission to support an ambitious version of the Services Directive that would lead to a ‘truly functioning Internal Market’.”⁶⁹ The government finally backed the compromise found among the more and the less liberal minded Member States and voted in favour of it.⁷⁰

As regards tax harmonisation, Hungary complies with the VAT rules of the EU. Furthermore, Hungary supports the proposed Directive on a common consolidated corporate tax regime (with a view to preventing from transfer pricing of multinational companies).⁷¹

Finally, in the area of competition policy, recently there was a serious case where Hungary – with the help of the European Commission – could defend its national interest. This was the case of the Hungarian Oil Company (MOL) a greater part of which was to be taken over by Austrian OMV. The “hostile” takeover did not take place as the Commission judged this move to seriously distort competition in the region. The Commission set such criteria for OMV to comply with that it preferred to step back from the bid.⁷²

Social policy

Within this policy field there is an important issue for Hungary, namely there is a clear opposition vis-à-vis the mainstream on the definition and regulation of working time (with special regard to working time in the medical sector). In a joint statement (delivered in June 2008) together with some other Member States Hungary has been very critical on this topic, when it came to amending the relevant Directive of 2003, without, however, wanting to block the decision. It is worth quoting the statement as a strong expression of national position.⁷³

“Belgium, Cyprus, Greece, Spain and Hungary consider that, from the social perspective, the necessary balance between the protection of workers, on the one hand, and a flexible work organisation, on the other, has not been achieved on a fundamental issue such as working time. Neither has significant progress been made as regards the improvement of workers’ health and safety at work. They regret that a derogation has been maintained in the Working Time Directive for an unlimited time, so that no progress has been achieved on the reduction of the use of the opt-out or on the setting of a date for its phasing-out.”

⁶⁸ MFA (2007), p. 17.

⁶⁹ BBC (15 November 2006): Q&A: Services Directive. <http://news.bbc.co.uk/2/hi/europe/4698524.stm>

⁷⁰ Pogátsa (2009), p. 11.

⁷¹ Pogátsa (2009), p. 11.

⁷² Takeover of Hungarian MOL by Vienna OMV fails. <http://www.wieninternational.at/en/node/9864>

⁷³ Council of the European Union, Luxembourg, 9-10 June 2008, 10491/1/08, REV 1, pp. 19-20.

They equally regret that, within the system of the opt-out, an additional derogation beyond the cap of 60 and 65 hours is possible. They think that the duration of the short-term contracts, which they consider to be exceptions, is too long.

Some of them still insist that the inactive part of on-call time cannot be considered as rest time. Some of them regret that the social dialogue has not been taken into account in a similar way as in the Directive on Temporary Workers.

For these reasons, all the Member States concerned cannot give their support, at this stage of the procedure, to the last compromise proposal presented on the Working Time Directive. However, they underline that they are willing to explore, in a constructive manner, possible alternatives for reaching an overall compromise agreement with the Presidency, the Commission and the European Parliament, at the final adoption stage of this draft Directive.”

Energy/climate

Hungary has been in favour of giving the EU competences in the field of energy policy from the outset (deliberations in the European Convention). Currently Hungary is in a very serious unilateral dependence as regards energy supply. Both important energy sources, namely fuel for the Paks nuclear power plant as well as natural gas are coming to Hungary from Russia. Hungary therefore is interested in diversification of supplies and greater cooperation at European level. At the same time, Hungary seems to play a “double game” as it is signatory to both Nabucco and Blue Stream pipelines. According to the Hungarian socialist government the two projects should not be seen as rivals. In contrast, the new centre-right government composed of FIDESZ Hungarian Civic Alliance and the Christian Democrat Popular Party (KDNP) is favouring the Nabucco project as a guarantee for import diversification.

Hungary also supports the EU’s Third Energy Package adopted in 2009 as well as the Energy Action Plan for sustainable energy production and use.⁷⁴ Hungary is supporting the liberalisation of European energy markets and has a good record of harmonisation in this field except for the electricity sector where Hungary is criticised by the Commission for measures (contracts with service providers) distorting competition.⁷⁵

Hungary is fully committed to the EU goals on fighting climate change. Hungary supports the 3x20 formula of the EU (three climate-friendly goals to be achieved by 2020) and is also benefiting from the Emission Trading Scheme.

Area of freedom, security and justice

In general Hungary is supportive of this policy area. As regards migration or asylum Hungary is not a destination, rather a transit country. In the medium run Hungary will have no external borders of the Union, except for the two small sections with Serbia and the Ukraine. In general Hungary is in favour

⁷⁴ Pogátsa (2009), p. 19.

⁷⁵ Pogátsa (2009), p. 21.

of further legal harmonisation in these fields. In fact Hungary is supportive of EU measures under this policy domain until they do not involve national financing.⁷⁶ It should be mentioned here that Hungary applied for hosting the European External Border Agency (FRONTEX) but it was placed in Warsaw.

As regards cooperation in criminal matters, Hungary belongs to the Member States that from time to time raise reservations vis-à-vis EU action. A clear evidence of this is the following statement by (among others) Hungary concerning a Directive of the EP and the Council providing for minimum standards on sanctions and measures against employers of illegally staying third-country nationals:⁷⁷

*“Finland, Hungary, Poland and Sweden consider it important to fight illegal immigration and illegal residence, and thus fully support the main aim of the Directive. However, Finland, Hungary, Poland and Sweden wish to underline that the European Community only has the competence to adopt criminal law provisions when the criteria laid down by the European Court of Justice in its judgements in cases C-176/03 and C-440/05 are fulfilled. In the opinion of Finland, Hungary, Poland and Sweden, this has not been established as regards this Directive and, therefore, **the competence of the European Community to adopt criminal law provisions in the field of illegal immigration and illegal residence remains unclear.***

Thus, Finland, Hungary, Poland and Sweden regret that the Council did not adopt a solution allowing the Member States to choose the manner in which to implement the Directive when including the requirement whereby the employment of illegally staying third-country nationals is prohibited.”

Crisis management in the EU framework

The crisis found Hungary in a very bad shape. The economy was stagnating already earlier while most of the key macroeconomic data kept on worsening since accession. As in 2006 Hungary accumulated a 9.3% budget deficit it had to be cut back in the following years. Thus when the crisis hit the country, there were no extra financial tools to mitigate its effects. As Hungary was also highly indebted the only solution to “survive” was the recourse to an international rescue loan. This package amounted to 20 billion euros and was offered by the IMF, the EU and the World Bank. This means that Hungary could not revive the economy with fiscal incentives as this was seen in other EU countries. This combined support especially targeted Hungary’s balance of payments. Thus Hungary went through the crisis while cutting the budget deficit further and slowly coming closer to the -3%/GDP threshold. The initial situation explains why Hungary is not having an exit strategy in the sense many old Member States have. Nevertheless, the new government, taking office in the end of May is now launching thorough structural reforms in the public administration as a whole, and also in the public budget.

⁷⁶ Pogátsa (2009), p. 33.

⁷⁷ Council of the European Union, Brussels, 25 May 2009, 10243/09, ADD 1, p. 10.

Institutional set up of EU affairs

Hungary set up a coordination unit for European Community issues already in the early nineties. This unit was based in the Ministry of International Economic Relations later renamed Ministry of Industry and Trade. This unit was later enlarged and called Office of European Affairs. When the answers to the Commission's Questionnaire had to be elaborated, the government decided to move this Office to the Ministry of Foreign Affairs, where another unit existed. The two were merged in 1996 under a new name: State Secretariat for Integration. This State Secretariat coordinated all the work related to Hungary's accession process.

Later on, between 2003 and 2005 a new structure was built up. A minister without portfolio was appointed who directed an Office of European Affairs based in the Prime Minister's Office. This Office worked in close cooperation with the State Secretariat for Integration and Trade of the Ministry of Foreign Affairs (created in 2002 as a successor of the State Secretariat for Integration). It was the minister without portfolio who was directing all tasks related to the preparation, implementation and control of EU related affairs (including management of the EU funds). He also had the task to coordinate the activities and positions of the different sectors within the public administration. The forum for this coordination was (and still is) the Interministerial Committee for the Coordination of EU Affairs (presided over by the minister without portfolio). The legal harmonisation work has always been coordinated by the Ministry of Justice. An important role has been assigned to the Parliamentary Committee of EU Affairs providing for a democratic control of these processes.

At a later stage, this more complicated structure was again simplified. In 2006 the Office of European Affairs was moved to the Ministry of Foreign Affairs (merged with the State Secretariat), while the position of the minister without portfolio was abolished.⁷⁸ The Interministerial Committee for the Coordination of EU Affairs went on meeting every week in order to prepare the Hungarian position for the COREPER and Council meetings and also to review all the current EU issues. The third pillar of coordination (since accession) has been of course the Hungarian Permanent Representation to the EU in Brussels.

In the beginning of 2009 the structure was slightly modified with a view to Hungary's upcoming Council Presidency.⁷⁹ The new structure is further on concentrated at the Ministry of Foreign Affairs. A Directorate General for EU Coordination and Legislation was created within the Ministry of Foreign Affairs headed by the director of European Affairs. This Directorate General was composed of the Secretariat of the Interministerial Committee, of the Coordination Department, of the Legal Issues Department, of the Institutional Department and of the Council Presidency Department. Under the

⁷⁸ <http://www.euvonal.hu/index.php?op=archivum&id=21>

⁷⁹ http://www.mfa.gov.hu/kum/hu/bal/Kulugyminiszterium/A_Kulugyminiszteriumrol/Szervezeti_felepites/Szabo_Vilmos_titk_arsaga/ivan_gabor/eukjf.htm

new government, taking office at the very end of May 2010, EU affairs coordination will remain in the Ministry of Foreign Affairs too.

Concluding remarks

Given Hungary's size and its performance in the EU coupled with a deteriorating image in the first six years of membership limited the country's ability to significantly influence EU policies. Nevertheless, it can be stated that whenever Hungary has important stakes in a given issue (e.g. genetically modified foodstuffs or the case of the national oil company) it has been able to express and defend national interests. Globally however, Hungary is rather a decision-taker country usually aligning with the majority view. Only in one case (namely minority rights) has Hungary been a real agenda-setter, while there was no single case in the first six years of its EU membership when Budapest wanted to block any decision in the EU decision-making machinery thereby becoming a veto player.

Unfortunately enough, Hungary never developed a "post-accession strategy". However, the Ministry of Foreign Affairs developed the EU policy of Hungary in 2007. This was the first document⁸⁰ where a comprehensive future-oriented EU strategy was laid down. The 30-pages document took stock of the first three years of membership and Hungary's participation in EU decision-making (being a constructive partner ready for compromises) and it also outlined a Hungarian "vision" about the EU in the future (with emphasis among others on further deepening, internal security, enhanced competitiveness, strong institutions and a single voice in the world).

Hungary has already started preparations for its first Council Presidency (to be held in the first half of 2011) under the previous government and these preparations are now being intensified under the new government. This is a good occasion for Hungary to influence European integration. Beyond the proper management of the "inherited" items on the agenda, Hungary (by backing the Commission) is willing to promote a new issue, namely the so-called "Danube Region Strategy". For Hungary this has great importance not only due to geopolitical reasons, but also due to the fact that this links up to one of Hungary's special priorities for the future, namely strengthening water management at the EU level. In this respect Hungary prepares for a decision-shaper, if not an agenda-setter role.

To sum up, during its first six years of membership Hungary could be characterised by the following attitude in EU decision-making. Strong commitment to both deepening and further enlargement, support for a thorough institutional reform as well as for full liberalisation on the Internal Market, preference for the Community method and avoidance of the model of Europe of several speeds. As a "friend of Cohesion Policy" Hungary has always been in favour of reinforced solidarity among the

⁸⁰ <http://www.kum.hu/NR/rdonlyres/F5AA0E77-31AF-43D0-8C10-705EA6EE0842/0/EUstratteljes0801.pdf>

The abstract is available in English: http://www.kum.hu/NR/rdonlyres/967AA2CB-9B6B-4E80-872E-DEC71B21EE1E/0/EU_Pol_Essence_final_070803.pdf

Member States with a view to promote economic, social and territorial cohesion which is not a goal in itself, but a positive sum game for the EU as a whole in terms of its global competitiveness.

As to coalition building, Hungary's "natural" partners are the other Visegrad countries, but alliances were made also with other new Member States as well as old ones, depending on the topic. Therefore no Hungarian coalition building "pattern" can be identified, it is rather issue-based, similarly to the other Member States in general.



LATVIA (SÁNDOR MEISEL)

Political leadership of Latvia between May 2004 – May 2010		
Prime Minister	Period	Composition of the Government
Indulis Emsis (Union of Greens and Farmers)	March 2004 – December 2004	Union of Greens and Farmers New Era Party People's Party Latvia's First Party – Latvia's Way
Aigars Kalvitis (People's Party)	December 2004 – October 2006	People's Party New Era Party Union of Greens and Farmers Latvia's First Party – Latvia's Way
<i>Parliamentary elections</i>		
Aigars Kalvitis (People's Party)	October 2006 – December 2007	People's Party Union of Greens and Farmers For Fatherland and Freedom Latvia's First Party – Latvia's Way
Ivars Godmanis (Latvia's First Party – Latvia's Way)	December 2007 – February 2009	Latvia's First Party – Latvia's Way People's Party Union of Greens and Farmers New Era Party
Valdis Dombrovskis (New Era Party)	March 2009 –	New Era Party Union of Greens and Farmers For Fatherland and Freedom People's Party (in March 2010 left the coalition)

Interests, positions and influence in major political issues

Enlargement

Latvia, a country that knows how important the European perspective is for stability of democracy and for catching up in the sense of economic development, supports further enlargement of the EU. In this respect the Latvian government stresses its strong position that this process should depend on the readiness of the EU and on the candidate countries' preparedness. Government declarations include statements of support for Croatia's, Turkey's and other countries' progress towards integration, stressing the need to fully comply with existing accession criteria. Supporting further enlargement in general, Latvia is more active in paving the way for the accession of Croatia by playing a certain mediating role in resolving the Slovene-Croatian problems and by sharing its accession experience. Nevertheless, Latvia is not willing to allow better conditions to be offered to Croatia than those in the process of the Eastern enlargement.⁸¹ Concerning developments in the enlargement process of the EU Latvia tries to actively shape the common decisions.

ENP and its Eastern dimension

Latvia plays an especially active role in shaping the Neighbourhood Policy of the EU. The interests of the country focus on Eastern dimension of this policy. This explains why Latvia strongly supported the Polish-Swedish initiative for Eastern Partnership, in fact it is one of the strongest supporters of it. In this framework there are three priority partners for Latvia in the ENP and its development cooperation policy: Ukraine, Georgia and Moldova. The government made the commitment to unilaterally increase its national development aid for these countries supplementing EU funds. However, due to the global crisis that deeply shocked Latvian economy, the budget for bilateral development assistance is very unlikely to reach the promised levels.

European Security and Defence Policy

Latvia generally is in favour of an enhanced ESDP, although is not among the most active players in this question. There is a national consensus that while enhancing ESDP to strengthen EU's role in the world, the capacities and involvement of NATO should not be weakened and no double institutions established. Latvia emphasises the need to reinforce the EU-NATO strategic partnership in crisis management, securing effective coordination in planning of operations and cooperation on the ground, for example, in Kosovo. Latvian government considers the question of Kosovo to be one of the key issues of stability in the Western Balkans. Riga was among the first countries to recognise the independence of Kosovo and to establish diplomatic ties.

The Baltic Sea Region Cooperation

Latvia has strong, natural and historical self-interest in the Baltic Sea region strategy in order to enhance the competitiveness and sustainability in the region. Latvia is actively participating in

⁸¹ Akule, Dace (2009): Latvia – The EU New Member States as Agenda Setters in the Enlarged European Union, European Policies Initiative–Open Society Institute, Sofia, pp. 39-40.

http://eupi.osi.bg/fce/001/0070/files/LatviaCountryReport_OSI-Sofia_EuPI_April2009_.pdf

formulating initiatives in this respect and in improving the use of finances for these initiatives. Concerning Baltic Sea strategy Latvia formulated and insists on priority areas of cooperation. These are: establishment of a well-functioning energy market and network, improving the competitive business environment, creating a common knowledge space in the field of education, science and culture, enhancing environmental protection in the Baltic Sea area and, finally, strengthening public security, especially in order to fight crime in the region. The government of Latvia presented the initiative to evaluate the established regional formats with the aim of their modernisation and the enhancement of the effectiveness of regional cooperation.⁸²

Minority rights

Latvia has a specific concern and problem related to the minority rights. This is integration of the Russian-speaking population, treated as non-citizens. The vast majority of non-citizens are Russians. This legal status was created as a transitional measure for permanent non-Latvian residents, most of whom arrived during the Soviet era. Latvian leaders at that time decided not to grant so-called “automatic” citizenship to all permanent residents, and introduced a naturalisation procedure according to which a person has to pass language and Latvian history exams in order to get the “normal” citizenship. Non-citizens represent 16% of the population. They enjoy no political rights. Thus it is important for Latvia to enhance the integration of these people.⁸³ Nevertheless, this is mainly Latvia’s domestic issue and is not directly linked to the internal policy developments of the EU.

Institutional issues: negotiations on and ratification of the Lisbon Treaty

There were two major factors that influenced Latvia’s position in the debates on the Lisbon Treaty and on institutional issues. First, as a small country it is sensitive to moves that affect the equality of Member States. Secondly, Latvia has strong interest in strengthening the EU’s role in the world because it allows the country to increase its own influence. As the Lisbon Treaty is generally able to meet Latvian main strategic objectives, there was no major objection concerning the document. It was ratified relatively shortly after its signing, in May 2008, with an overwhelming majority of parliamentary votes.

In the debates on the Lisbon Treaty Latvia strongly represented a few elements of its interests. First was the issue of one Commissioner per Member State. Here the country advocated the delaying of the new rules at least until 2014. The Treaty meets Latvia’s expectation stipulating that each country will still have one seat in the Commission until the indicated date. Second, in the question of the institutional development of the EU Latvia favoured the strengthening of one-voice foreign policy of the EU. So it strongly supported the creation of the High Representative for Foreign Policy, as well as

⁸² Ministry of Foreign Affairs of the Republic of Latvia (2010). <http://www.mfa.gov.lv/en/eu/news/4341/?pg=11805&print=on>

⁸³ Akule (2009), p.18.

the creation of the EU's External Action Service. Nevertheless, it is in the interest of Latvia as a small Member State that the new service ensure adequate presence of Member State diplomats, on the basis of a relevant geographic balance.⁸⁴ In this field Latvia can be considered as decision-shaper.

In some other institutional issues Latvia's position was generally in line with the majority of Member States. Concerning the questions of the President of the European Council initially Latvia was sceptical about the creation of this new post. This position was based on the one hand, on the assumptions that it would change the institutional balance, on the other hand, it would cumber the equality of Member States. However, Riga later agreed to compromise, seeing the need for creating this post to increase the efficiency and continuity of the European Council.

In the Council, under the regime of the Treaty of Nice, Latvia had 4 votes. The Lisbon Treaty increases the relative influence of the country in decision-making, so Latvia did not have objections in this respect. Concerning the extension of qualified majority voting to new areas Latvia's position was in line with the content of the new Treaty, so it supported the new rules believing that this would lead to more effective EU policies.

In the new European Parliament the number of seats reserved for Latvian members of the EP decreased from 9 to 8, however, there were no obstacles to agree on the new regime. Moreover, Riga supports the increased role of the European Parliament, especially the extension of co-decision procedure to new areas of EU policy, as it improves transparency and the democratic nature of decision-making.

Latvia supported the Charter of Fundamental Rights to become legally binding because before no EU Treaty included human rights and fundamental rights norms per se. Analysing the situation of the Latvian legislation, the government came to the conclusion that the Charter at large does not contradict the national legal system. Another important argument was the fact that making the Charter legally binding does not lead to increased competencies for the EU.⁸⁵

Interests, positions and influence in some key policy areas

Internal Market

Latvia's general interests in the further development of the Internal Market are closely related to the country's economy, to its specific features. Latvia focuses first of all on the development of human resources and the enhancement of employment, entrepreneurship and innovation. There is a national consensus on general liberal economic policies that include increasing competitiveness and removing obstacles to business activities.

⁸⁴ Ministry of Foreign Affairs of the Republic of Latvia (2010)

⁸⁵ Akule (2009), p. 59.

On the basis of these general interests, Latvia has been articulating more detailed priorities as well. One is about free movement of services. Concerning the Services Directive, Latvia's position is conditioned on the facts that it is a country of export of services. So far, Latvian companies have had negative experiences working in other EU countries. Latvia has a strong position on the Services Directive, which is in line with its overall liberal economic policy. In the discussions on the Directive, during its implementation and in the debates about further development Latvia shows an active attitude trying to influence and shape EU decisions.

The other hot issue for Latvia on the Internal Market is free movement of persons/workers. This question is essential for Latvia, which has been requesting the lifting or easing the transitional period and has supported the Commission's recommendations in this regard. Latvia is an active decision-shaper on this issue, supporting more liberalisation. However, there is a potential for the country to become one of the opponents of the decision-making process if more protectionist policies are to be introduced to protect the local labour markets.

Latvia expressed and represented its strong interest in the issue of small and medium-sized businesses. Enterprises of this type make up the largest part of companies established in Latvia, making a significant contribution to GDP growth. Thus, any measures enhancing the development of small and medium-sized enterprises appear as a significant precondition for Latvia's development and competitiveness. Latvia fully supports the Commission's proposals, usually in line with the EU mainstream.

Among the Internal Market questions there is one specific issue where a strikingly marked Latvian position can be observed. That is tax harmonisation. Latvia's position on tax harmonisation differs depending on whether it is the harmonisation of direct or indirect taxes. Latvia argues that its position against any harmonisation of direct taxes is based on the idea that harmonised direct taxes would decrease the country's competitiveness in the EU. It also argues that this harmonisation would decrease the global competitiveness of the EU too. Latvia's strategy for EU membership in 2007-2013 says⁸⁶ that the country would be strictly against or even would block harmonisation of the company income tax base, as that would complicate the tax system. As to value added tax rates, Latvia supported the Commission's proposal to introduce a new value added tax rate system, because the harmonisation of the VAT rate system would ease tax administration.

Budget

Latvia's position on budgetary issues is conditioned by the fact that this country is one of the poorest economies in the EU, so the EU transfers are of crucial importance. This explains why the EU budget for territorial cohesion is one of the priorities for a poor country with wide regional income, development and employment gaps. Latvia believes that the reduction of disparities between the

⁸⁶ Latvijas dalība Eiropas Savienība – pamatprincipi, merkis, prioritātes un darība 2007-2013, cited by Akule (2009), p. 15.

levels of development of various regions must remain the main objective of the EU Cohesion Policy. The Latvian government is of the opinion that higher efficiency can be achieved by implementing a focused policy, which primarily concentrates on solving socio-economic problems in the least developed EU regions.⁸⁷

Second Latvian priority in allocating budget spending in the future is energy sector. Latvia wants to see more investment in intra-connections among bordering Member State energy networks, thus improving energy security and enhancing the common energy market, as well as more support for the creation of new production capacities by using renewable energy sources.

Concerning other questions of the common budget, in general, Latvia is cautious about increasing the EU budget. It rather insists that both the revenue and the expenditure sides should be reformed and improved. First of all, rebates should be abolished. Significant improvements are needed by reviewing the objectives, the funding levels and the governance principles in areas such as agriculture, EU's external actions and administration. On the budget revenue, Latvia insists on simplification that would be easier to understand for EU citizens, but also easier to calculate with and to administrate. Latvia does not support the proposal to increase flexibility by allowing moving funds from one budget category to the other. According to Latvia's position, this would make no sense for multi-annual budgeting as it would complicate the budgetary procedure and would also violate good governance principles. Latvia does not support a common "EU tax", that is, a common income tax, be it in the form of rate or tax base harmonisation.⁸⁸

Common Agricultural Policy

Agriculture and agricultural transfers are high priority issues for Latvia, which has 7.4% of its labour force employed in this sector. Latvia supports modernising CAP according to global tendencies. Latvia also stresses the need to link Member State payments into CAP to the support each country receives, as well as improving the administration of the CAP as a whole. Riga takes active position in all issues of the Health Check, but may become opponent, if Latvia's proposals do not get the necessary support, and if Latvia sees its interests not taken into account.

The most important issue for Latvia is the direct payments to farmers, where Latvia insists on equal conditions for all Member States. This is a very sensitive issue for the country because currently it receives the lowest direct subsidies in the EU. Latvia proposed that new and equal eligibility criteria are laid down for granting decoupled payments for all Member States, which are not linked to historical data but reflect an actual activity of the farmers at present, thus ensuring that in the course of time support does not turn into a mere rural social support for doing nothing. Latvia considers that the issue on how to solve inequality of direct payments and revision of criteria for the financial

⁸⁷ Ministry of Foreign Affairs of the Republic of Latvia (2009).

<http://www.mfa.gov.lv/en/brussels/news/embassy-news/news/?pg=11198&print=on>

⁸⁸ Akule (2009), p. 36.

distributions of direct payments should be maintained on the agenda and should be resolved in further debates.⁸⁹

Energy

Very strong and actively represented interests of Latvia in this area are defined first of all by the fact that the country is heavily dependent on external energy sources. The country supported and supports all initiatives aiming at improving security of supplies, diversification of supplies, ending the isolation of the Baltic gas and electricity market, developing secure interconnection with other Member States, increasing energy efficiency, using renewable energy sources. Latvia is rather a decision-shaper with a strong voice in the questions of external dimension of energy security too, where Latvia insists on the need to work with Eastern Partnership countries.⁹⁰

Area of freedom, security and justice

Latvia's border is an external border of the EU, and it is a relatively new member of the Schengen area. Thus issues linked to migration are the most significant issues for the country. Besides this, Latvia needs to adjust its policies from being a sending country to becoming a destination country for migrants. Riga also needs to address labour shortages by recruiting third-country nationals. However, Latvian public opinion against migrants is one of the most hostile in the EU.

Latvia stresses in this regard two priority questions. First is common migration policy, where the country maintains a clear position and is also active. Riga is supporting gradual liberalisation, but generally is cautious about a too rapid and too extended liberalisation. In the question of the Blue Card Directive Latvia is very pro-active, taking into account the number of Latvian workers in the Member States. Second priority is the European border surveillance system, where Latvia has strong self-interest because its border belongs to the Eastern external border of the EU. At the same time, Latvia of course does not have to face the same pressure of immigration from third countries as the Southern European countries. The Latvian government considers that the next long-term programme in Justice and Home Affairs has to strengthen aspects of practical cooperation to implement all the political agreements concluded previously. The development of new legislation must be done gradually, and only if it is consistent with measures undertaken to date.⁹¹

Crisis management in the EU framework

Latvia was one of those Member States that had been deeply affected by the global financial and economic crisis. After a serious hard landing Latvia had to ask for a massive external financial aid offered jointly by the EU, IMF and IBRD in December 2008. This assistance served to avoid immediate financial insolvency, to consolidate Latvian economy and, to a lesser extent, to stimulate economic

⁸⁹ Ministry of Foreign Affairs of the Republic of Latvia (2009)

⁹⁰ Akule (2009), p. 22.

⁹¹ Ministry of Foreign Affairs of the Republic of Latvia (2009)

recovery. Latvia welcomed that the European Economic Recovery Plan was able to provide both a coherent framework for action to be taken at the level of the Union, as well as for measures to be adopted by each Member State, taking into account their individual circumstances. Riga especially appreciated that the plan provided for the simplification of procedures and faster implementation of programmes financed by the EU Structural Funds. Latvia welcomed the increase in intervention by the European Investment Bank, especially targeted at small and medium-sized enterprises, for renewable energy and for environment-friendly transport. Simplification of procedures of according state aid was also beneficial for the country to ease the burden of the crisis in the private sector.

Latvia believes that the EU should pay more attention to planning the exit from the economic and financial crisis. The exit is particularly difficult for less developed EU Member States. According to the Latvian position, it is not enough to suggest only horizontal solutions for all Member States to ensure a successful exit from the crisis, given that the situation and possibilities of the countries differ significantly. The strategy should refer to the long-term sustainable economic development of the Member States including ability to cope better with next potential cyclic downturn of the global economy. Conditions of the programmes should be developed according to the economic situation of the Member States.

Institutional set up of EU affairs

The coordination system of EU affairs in Latvia is based on several legal acts that ensure effective participation of Latvia's representatives in all stages of EU decision-making process. The current coordination system is based on the principles established in 2003, a year before accession. Having regard of experiences acquired since that time, several principles – the involvement of social partners and nongovernmental organisations as well as the role of the national parliament – were strengthened through an update of the relevant legal acts. The last updated regulation of the government came into force in March 2009.

The central coordinating institution for EU issues is the Ministry of Foreign Affairs. It has a coordinating role in preparation of Latvia's national position papers and it monitors the continuity of Latvia's position in different stages of decision-making process as well as the consistency with Latvia's position across different policy areas. It is also responsible for organising the circulation of EU documentation among Permanent Representations in the EU and Latvia's state institutions.

Every ministry ensures the preparation of national position papers on the EU issues falling under its sphere of competence and takes necessary measures to defend national interests at all levels of EU decision-making. The ministries have their own internal EU coordination system, consisting of EU departments or several divisions. Cooperation of state institutions on the EU issues is ensured by the Meeting of Senior Officials. The parliament has also an important role mainly carried out by its standing European Affairs Committee. It approves the national position papers. If a given issue is of

particular interest for the country, the Committee's approval is necessary also prior to the discussions in the EU Council's working groups. Parliament's opinion is binding. Social partners and nongovernmental organisations are fully involved in the preparation of national positions.

Concluding remarks

The overall performance of Latvia as an EU Member State in the first years after accession can be evaluated as a "normal" one. This country does not stand out among new members with visible activity or passivity. On the basis of the past period this can be explained by the relative lack of capacity, coupled with a national administration still learning how to become more pro-active and not only reacting to position papers or draft legislation. Latvia still has to develop its diplomatic skills to better identify national interests on EU issues in advance, so as to be able to influence the agenda. However, despite the first impressions of Latvia's overall decision-taker behaviour in EU decision-making, this new Member State has been active and in many cases successful in achieving that the final outcome takes into account the country's needs and demands.

Latvia has prepared a document on the country's strategy for EU membership for the period of 2007-2013. It defines the priority areas of Latvia's policy aiming at influencing EU developments. It highlighted the country's readiness to actively take part in the discussions on the EU2020 Strategy stressing the necessity of clear definition of Member States' role and the EU level actions. Latvia was of the view that the EU2020 Strategy should be broad enough in terms of choice of country-specific targets and policy directions. Latvia for example put strong emphasis on maintaining the economic cohesion aspect of competitiveness. According to the Latvian view cohesion together with other EU priorities should be reflected in the next budget. At the same time, since the common budget has limited resources, it should be more focused. Latvia is intended to actively take part in shaping some new policies of the EU, especially as regards energy and climate issues. In this process the most important coalition partners of the country are the Baltic States and the Nordic members of the EU. It is possible and predictable that Latvia in the future may become stronger and more active in promoting its interests at the EU level, contributing to a special "Baltic impact" on European integration.

Political leadership of Lithuania between May 2004 – May 2010		
Prime Minister	Period	Composition of the Government
Viktor Uspaskikh	October 2004 – May 2006	Labour Party
Gedinimnas Kirkas	May 2006 - October 2008	4 party coalition (Lithuanian Social Democratic Party, Citizens' Democratic Party, Liberals, Lithuanian Farmers' Association)
<i>Parliamentary elections</i>		
Andrius Kubilius	October 2008 –	Christian Democrats and National Party

Interests, positions and influence in major political issues

Enlargement

Lithuania's objective has been to promote democratisation and stabilisation in its neighbourhood. The country has always liked to become one of the regional centres of Europe (within the Eastern part of the EU, or within the Baltic States) and it is promoting ENP, though placing more emphasis on the Eastern dimension against the Southern one. Lithuania has always supported an open door policy towards states that express willingness to join the EU (in accordance with the Copenhagen criteria).⁹²

The strategic objective of Lithuania's foreign policy has been to expand the area of stability and security Eastward to the CIS countries. Lithuania considers that the best instrument for this is the EU enlargement policy. The country is particularly supportive towards initiatives that provide a clear EU membership perspective to current Eastern partners. First of all the Ukraine, Moldova, but also countries of the South Caucasus are the most important ones in the context of EU enlargement. Lithuania is a strong supporter of European enlargement policy (with respect to both the Western Balkans and Turkey) as long as it happens only after the Europeanization of these countries (upon full compliance with membership criteria). Lithuania supports the approach that each candidate or potential candidate country should be treated individually. Thus a country that has shown a higher level of preparedness should not be held behind.

⁹² Resolution of Lithuanian Parliament concerning Lithuanian Policy Guidelines, 1 May 2004. <http://www.urm.lt>

ENP Eastern dimension

Lithuania's interest is that the same political and economic mechanisms of cooperation would be exercised in both the Eastern and the Southern dimension of the ENP, in the short-term. In medium-term, Lithuania would seek to give priority to the Eastern dimension. Lithuania would like to see the ENP to involve as many as possible of the mechanisms of enlargement policy. The differentiation of the countries within ENP should be counterbalanced by an effective framework of regional cooperation. Priority country is the Ukraine (as a model of closest cooperation without offering membership) and Belarus (isolation policy is inefficient and a selective cooperation concept would be wiser to be applied).

European Security and Defence Policy

According to Vilnius, EU military capabilities should be enhanced in close cooperation with NATO and without functional duplication. Lithuania is a strong supporter of the "indivisible security" concept, thus develops a single common policy towards both organisations. NATO dominates the Lithuanian security discourse. The motives of the country's participation in ESDP are various, though. One of them is that the country would like to make use of all the opportunities provided by EU integration, and the aim of strengthening security and defence could be ensured through participation in ESDP. A very important factor for Lithuania is the "soft power" potential of ESDP, Lithuania prioritises civilian operations employed in "frozen" regional conflicts.

Institutional issues: negotiations on and ratification of the Lisbon Treaty

Lithuania has considered the institutional reform debate of the European Union as the continuation of the constitutional process and paid special attention to it. The main principles with regard to the new European structure remained valid; the country has emphasised democratic legitimacy, efficiency of institutions and equality of Member States as the main priorities in the European structure. Lithuania has been supportive of all initiatives to deepen European integration, especially with regard to such policies as energy or the Internal Market. The main concept behind is that the stronger the EU, the more successful Lithuania can be in realising national interests. Furthermore, as to efficiency in decision-making, Lithuania found it necessary to decrease the gap between European institutions and citizens, therefore it supported strong institutions and the Community method that would reflect that the EU is not only a Union of states but of citizens as well. Moreover, the country insisted on the consistency in EU external relations, therefore the position of the High Representative for Foreign Policy is considered an important amendment.

Overall, Lithuania was positive on the Treaty and ratified it as early as 26 August 2008. There have been critical opinions though, stating that parliament had been overenthusiastic and the public could not form its clear position on the Treaty. The issue, on the other hand, did not trigger a wide public discussion. The ratification has been considered as the sole viable option unlike in the case of some EU Member States that linked further preconditions to the acceptance of the Treaty. Lithuania

opposes any multi-speeded Europe scenario, therefore the Treaty was also considered as a guarantee to exclude second class membership. Regarding the content of the Treaty, Lithuanian interest had been that the Lisbon Treaty provided a long-term decision and ended the debates on political and institutional reforms of the EU. As for further extension of majority voting and an increased role of the European Parliament, the Lithuanian position had been that these two provisions were necessary to increase both efficiency and democratic legitimacy. At the same time, Vilnius has always argued that the new competencies of the President of the European Council should not be overstretched: this new position in their view should be that of a chairman of the European Council.

Interests, positions and influence in some key policy areas

Internal Market

The main objective of the Lithuanian economic strategy has been to decrease the development gap vis-à-vis the EU average. Lagging behind in economic terms, especially after the economic crisis that hit Lithuania very hard, the country has remained a decision-taker in this area and will also remain in the long-run. There are, on the other hand, certain sectors (energy and tax) where Vilnius tries to emphasise national interests and raise them to the EU level. According to the Strategic Guidelines of Lithuanian EU policy for 2008-2013⁹³ Lithuania is a strong supporter of an efficient EU Internal Market and supports further abolishment of existing barriers, including the free movement of services. They would also like to see favourable conditions for the realisation of the fifth freedom, namely, free movement of knowledge. Lithuania considered it essential the Services Directive becoming fully operational, though Vilnius finds that horizontal legal regulations concerning services are unnecessary. With regard to taxation policy, Lithuania supports coordination in the field of direct taxation. This is believed to be helpful for harmonious functioning of the Internal Market. As far as harmonisation initiatives for indirect taxation are concerned, they are acceptable for Lithuania if their impact on the functioning of the Internal Market is positive and have no negative effect on the Lithuanian market environment.

Euro adoption

After the country's accession to the European Union, one of the issues that gained special importance for Lithuania – and was considered as part of the broader process of joining the EU and as a next step towards deeper integration – was the joining of the Eurozone. The first Lithuanian attempt to introduce the single currency (soon after EU entry) ended, however, with a failure.⁹⁴ In 2005-2006, for the country applying the currency board regime, there seemed to be a window of opportunity to swiftly join the EMU in 2007. Lithuania met all the Maastricht criteria at that time,

⁹³ Strategic guidelines of Lithuania's EU policy for 2008-2013 „More Europe in Lithuania and more Lithuania in Europe” http://www.euro.lt/documents/Strategines%20kryptys_EN.pdf

⁹⁴ Wisniewski, Anna (2008): Litvánia (Lithuania), In: Túry, Gábor – Vida, Krisztina (szerk.): Monitoring jelentés 2008 – az Európai Unióhoz csatlakozott Tizek teljesítményéről (Monitoring Report 2008), MTA VKI, Budapest, 2008, pp. 61-69. http://www.vki.hu/rendszeres_kiadvanyok.shtm

although inflation had already started to pick up. Differently from Estonia, who decided to withdraw its application, Lithuanian decision-makers were determined to face the evaluation by the Commission on their readiness.

The overall domestic circumstances, however, showed that there was a lack of political and social consensus on this issue at the time. The main concern for the public was the fear of price increases expected to follow the introduction of the European currency. There was also reluctance on the side of the political elite which resulted in an undetermined attitude accompanied by lack of consistency and viability of euro-oriented policies. The lack of budgetary discipline as well as certain decisions in the area of regulated prices (energy, transport) contributed to the acceleration of inflation during the period of 2005-2008. As a result, and also due to lack of communication with European institutions, the decision of the European Council in 2007 was negative on Lithuanian accession.

The goal of joining the Eurozone remained but with a less strict formulation of “as soon as the country meets the convergence criteria”. The Law of Fiscal Discipline was adopted in November 2007 with a view to facilitating the achievements of a cyclically balanced budget and paving the way to the introduction of the euro. It was, however, a late step and in the midst of the global economic crisis, the prospect for euro-introduction seems to be distant, forecast for 2014.

The failure had no effect on the internal political life of the country, although it had an impact on policy-makers’ attitude towards European policies. The efforts on the Lithuanian side intensified with regard to such important issues as the enlargement of the Schengen area in the end of 2007. Unlike EMU entry, compliance with this policy area proved to be less difficult. The main focus was on the broader infrastructure and information sharing system. In this issue Lithuania was able to convince the EU authorities of its preparedness and their accession to the Schengen zone was completed with success in December 2007.

Energy

Lithuania has always been determined to reach results with no time limit at the EU level in certain specific fields, and one of these was energy policy. In the energy field, the main goal of Lithuania was integration of the EU internal electricity and natural gas market, achieve a diversity of resources, forge a common position of the EU vis-à-vis external suppliers and increase security of supplies at competitive prices. Energy security and energy supply have been the main aspects of Lithuania’s energy policy.

Taking into consideration that Lithuania and the two other Baltic States constitute an energy island in the context of European energy market, the most important priority for them has been the creation of energy supply links with other European countries. Lithuania strongly supports the extension of the European Commission’s competence in formulating a common EU energy policy. The importance of this issue determines that Lithuania intends to be a strong decision-shaper in this field. The

National Energy Strategy underlines the necessity to ensure a succession of nuclear energy, still the construction of a new nuclear power plant in the country received controversial assessments.

As far as energy security is concerned, Lithuania seeks to ensure the principle of reciprocity in EU-Russian relations. Lithuania wants also that the EU-Russian energy partnership be based on the provisions of the 1994 Energy Charter and the Transit Protocol that provides non-discriminatory third country access to gas transit infrastructure. These provisions are necessary to create equal conditions for direct alternative energy supply routes linking the EU to the Caspian Sea and Central Asian resources. The general idea behind is promoting decentralisation and liberalisation of the Russian energy sector. Such provisions could lead to increased import diversification, eliminating the present “single supplier dependency” status of Lithuania in the Lithuanian-Russian energy relations.

Area of freedom, security and justice

The priorities in this area stem from the geographical location of Lithuania at the EU’s external border. Lithuania faces the costs of border protection, with all the necessary challenges linked to potential illegal immigration and asylum seekers and it also has to face the costs managing international crime. Thus Lithuania would like to see an increased solidarity in border protection responsibilities among all Member States, and wants to have the cross-border movements simplified vis-à-vis ENP members too (especially as regards the Eastern dimension). Vilnius also wants to see higher involvement of EU police missions in conflict regions as well as a tight cooperation with border control agencies of the EU’s neighbouring states.

Crisis management in the EU framework

Lithuania having been hit hardly by the economic crisis has put domestic crisis management on the agenda in line with European initiatives. The political leadership with Andrius Kubilius Prime Minister, and the lately elected President, Dalia Grybauskaitė have been focusing on long-term goals to ensure a stable and competitive economy that can serve as a basis for a more active role in the EU. The Lithuanian government has made definite steps to manage economic imbalances already in August 2008.⁹⁵ The saving package accepted by the parliament in the end of 2008 was to stop the unfavourable tendencies that have begun in the national budget.

First and most important element of this programme was to cut public spending and wages of civil servants, VAT rates were increased, furthermore there were steps made for the stabilisation of the

⁹⁵ Meisel, Sándor (2009): A balti államok és a válság (The Baltic States and the crisis). In: Novák, Tamás – Wisniewski, Anna (szerk.): Az új EU-tagállamok és a tagjelöltek helyzete a válságban (The situation of the NMS and candidate countries in the crisis), MTA VKI, Budapest, 2009. (A globális válság: hatások, gazdaságpolitikai válaszok és kilátások, 11. köt.), pp. 19-25.
<http://www.vki.hu/kot/ecostat/11-Novak-Tamas-es-Wisniewski-Anna.pdf>

financial sector.⁹⁶ An IMF delegation visited the country in December 2008 but, differently from Latvia, they agreed that the country had no immediate need for a credit package. The first moves, however, had to be followed by further provisions for strengthening trust towards the currency board system and the economic credibility of the country.

In spring 2009 amidst anti-government movements and protest, a further 1 billion cut of public spending was accepted by the government. In the framework of this package the number of civil servants was reduced, as well as the public sector wages. Furthermore, personal tax rates were cut, corporate tax rate was increased by 5% and VAT by 1%. There were also moves to facilitate credit possibilities for small and medium-sized enterprises and investments, the sources for them to be provided by the European Structural Funds. Beside the immediate rescue package, the government is focusing on medium and long-term goals, trying to address structural reforms necessary for sustainable growth. After discussions with social partners in autumn 2009, as a result of the medium-term strategic initiative of the government a pension and social reform programme was accepted, which meant the reduction of social and pension benefits as of 2010.

All in all, these steps contributed to the regaining of the country's credibility that had visible results in better conditions on the financial markets. The government is determined to continue with long-term structural reforms to address socially sensitive issues in the area of health care, social services and education system, which can contribute to the creation of a stronger economic basis for sustainable development.

Institutional set up of EU affairs and EU strategy

The rules for the coordination of EU affairs in Lithuania were laid down in 2004.⁹⁷ According to these arrangements the main role in coordinating the preparation of positions in Lithuania is played by the government. Within the government it is the Ministry of Foreign Affairs who is responsible for the overall coordination in the preparatory process of formulating the positions of Lithuania during negotiations on a decision. These positions are drawn up, coordinated with other ministries and institutions as well as with social-economic partners by the relevant ministry or state institution – under the supervision of the Ministry of Foreign Affairs. Lithuanian positions for all proposed EU legislation must be prepared within 15 working days from the date of the submission of the proposal to the responsible Lithuanian institution.

The Lithuanian national positions can be discussed in two main forums: in the Governmental Commission on EU Affairs (meeting on a weekly basis) and at official government meetings. If

⁹⁶ Wisniewski, Anna (2010): Litvánia. In: Vida, Krisztina – Túry, Gábor (szerk.): Monitoring jelentés 2010 – az Európai Unióhoz csatlakozott Tizek teljesítményéről (Lithuania, In: Monitoring Report 2010), MTA VKI, Budapest, 2010. http://www.vki.hu/rendszeres_kiadvanyok.shtml

⁹⁷ <http://www.euro.lt/en/lithuanias-membership-in-the-eu/coordination-of-eu-affairs-in-lithuania/>

necessary, the Ministry of Foreign Affairs organises special coordination meetings on exceptionally important questions discussed in the Council. The national positions are also discussed during the meetings of the parliamentary European Affairs Committee and/or Foreign Affairs Committee. Finally, the implementation of EU legislation is coordinated by the European Law Department of the Ministry of Justice.

Concluding remarks

For Lithuania, accession to the European Union meant the reinforcement of its national statehood. Since accession in 2004, Lithuanian EU policy has been a policy of adaptation rather than active participation. There has been only a limited number of issues where Lithuania stepped out of its usual decision-taker role and became a visible decision-shaper. There were only few examples, such as strong initial support for the original version of the Services Directive, or support for protectionist measures concerning imports.

This rather passive policy was the continuation of the strategy of rapid conclusion of accession negotiations, which was understood as a move bringing about economic, political and security benefits for the country.⁹⁸ Political consensus within Lithuania allowed rapid adjustment to the EU conditionalities, with transition periods only for the most sensitive issues (such as closure of the Ignalina nuclear power plant, or sale of agricultural land to foreigners, or the most costly measures, such as excise duties or environmental protection measures). This asymmetric adjustment was due to the idea that the underlying national strategic interests are oriented towards raising national issues of external and security policy onto EU level. This one-sided Europeanization counter-acted, however, to the formation of a broadly understood national EU strategy. The EU policy has remained vaguely defined.

Lithuania's experience in the EU decision-making process shows that a country's attitude, domestic political consensus on certain issues, as well as credibility and good communication of domestic objectives all constitute the preconditions of success in European policy-making. Lithuania had mixed experience in this regard, having had a failure of euro-introduction which resulted in a more active, determined and focused attitude in other European initiatives. This is illustrated by the case of accession to the Schengen area and the adoption of the Baltic Energy Market Interconnection Plan. The primary attitude of consensus seeking to achieve fast agreement during accession negotiations still dominates to a certain degree in national European policy. At the same time, national preferences formation is mostly reactive and driven by the EU agenda and not vice versa. The main challenge for the country remains how to voice those issues at the level of European institutions – such as energy

⁹⁸ Vilpisauskas, Ramunas (2010): National preferences and bargaining during the first five years of Lithuania's EU membership: decision-taker, mediator, initiator, Institute of International Relations and Political Science, Vilnius University, February, 2010

policy or Eastern relations – that are inevitable for the country’s security, economic well-being and future development and where a European answer could be the best solution.

In the wake of preparations for the country’s Presidency in 2013 a document has been prepared on that occasion.⁹⁹ This defines the European Union Lithuania would prefer to see, and the characteristics and shape of its policies. The motto “More Europe in Lithuania and more Lithuania in Europe” describes the broad goal of a more visible representation of EU policies in the country, at the same time, the country should also be more active at the EU level. The priorities for Lithuania are shaped by several objective conditions and commitments of the country: Lithuania remains among the less developed members of the EU, the situation of the energy sector is highly vulnerable, the country is situated at the external border of the EU, Lithuania has strong commitment to transatlantic partnership and supports democracies in transition. Finally, Lithuania is against the development of a multi-speed Europe. These factors determine Lithuanian priorities and the country’s vision of Europe.

Consequently, there are certain issues where Lithuania, in spite of its domestic problems and the less active participation in every day policy-making in the EU, can be considered a policy-promoter and decision-shaper country. To such areas belong external energy security, liberalisation of the energy market, the increased role of the Commission in EU energy policy (due to excessive dependency of the Lithuanian energy sector on Russian supplies), further enlargement and stronger Eastern cooperation (Lithuania being situated at one of the external borders of the Union, would like to see prosperity and security in its immediate proximity). Lithuania is very much against such issues as tax harmonisation in the EU (as it considers that economic differences should be levelled beforehand in order not to cause disadvantages for less developed economies), increased climate control obligations, which Lithuania considers to be dangerous for its industries, amendments of asylum-control, and legal migration (it should be regulated at national level depending on the labour market needs). Lithuanian positions are defined upon structural specificities, rather than political arguments. Lithuanian coalition partners are defined by geographical proximity and structural similarities (NMS). Alliance can also be made according to similar convictions in issues such as transatlantic relations, EU enlargement or Russia policy. Most frequent coalition partners have been Poland, Latvia, Estonia, and other states of the Baltic region.

⁹⁹ Strategic guidelines of Lithuania’s EU policy for 2008-2013 „More Europe in Lithuania and more Lithuania in Europe” http://www.euro.lt/documents/Strategines%20kryptys_EN.pdf

Political leadership of Poland between May 2004 – May 2010		
Prime Minister	Period	Composition of the Government
Marek Belka	May 2004 – September 2005	Sld (Democratic Left Association)
<i>Parliamentary elections</i>		
Kazimierz Marcinkiewicz	September 2005 – July 2006	Pis (Conservative Right)
Jaroslaw Kaczynski	July 2006 – November 2007	Pis-LPR-Samoobrona Coalition Government (Conservative Right, Extreme Right And Extreme Left)
<i>Parliamentary elections</i>		
Donald Tusk	November 2007 –	PO-PSL (Liberal right and Farmers' party)

Links between political background and EU level influence

The political situation in Poland has always had a major impact on the attitude of its presence within the EU. At the time of accession, a minority left-wing government with little power had to stay a passive Member State. The only major engagement was addressing the political crisis in Ukraine following the presidential elections in 2004. Political situation shifted to right-wing politics in 2005, which changed Polish attitude dramatically. Ever since President Lech Kaczynski took office and his original party, the Law and Justice (Prawo I Sprawiedliwosc, PiS) took over the executive and legislative branches, Polish membership began to evolve. There were many clashes between Warsaw and Brussels, as well as permanent bilateral tensions with Germany and Russia. This period can be characterised as an active period of membership, though many activities were directed towards defensive solutions with a few attempts to veto proposed solutions. During this period Poland gained the label of being “unpredictable”, which had a negative impact on the country’s position in the EU. Since late 2007, when the liberal-conservative Civic Platform (Platforma Obywatelska, PO) won the elections, Poland has been fighting this label. There have been few clashes with Brussels and a more constructive approach prevailed. Generally, Poland is slowly evolving towards a position of an active participant in most policy areas, as the 6th EU Member State not only by population but also by the size of the economy.

Interests, positions and influence in major political issues

Enlargement

Poland has consistently advocated the continuation of the enlargement process, to cover states that declare willingness to accede and meet all EU requirements in this respect. Poland's argument is that the European perspective should remain open to all European states that meet the EU membership criteria, and non-uniform preparedness should not translate into discrimination against those lagging behind. In terms of relations with Russia, Poland is recently showing greater sensitivity as regards the evolution of the political, economic and social situation in the country. In principle, Poland supports enlargement to all countries who meet the Copenhagen criteria, supporting enlargement to all countries in the Western Balkans though with some reservations towards Turkey.

The specificity of Poland is its firm support for Ukrainian EU membership. Poland would like to see in the EU one day all the countries which are presently between the EU and Russia: Ukraine, Belarus and Moldova, as well as Georgia, and other Caucasus republics. From this group, Ukraine is the most important country for Poland because of geographical and historical proximity. Should Ukrainian membership be possible, other countries' should be allowed in as well (with the exception of Turkey). Poland supports Croatian accession and leaves the process in the hands of the Commission. There was no official Polish reaction to the Slovene-Croat "opinion differences" on the maritime border between the two states.

Concerning Turkey, should the country's accession become a reality, there might be an emerging opposition based on two factors.¹⁰⁰ One, Turkey would ultimately become the biggest beneficiary of EU Structural Funds, at the expense of Poland. Nevertheless, if Turkish entry is scheduled after 2020, then the perspective is too far away to predict the state of Polish economic development by that time. Second, Poland would like Ukraine to join the EU before, or together with Turkey, but not after Turkey. Poland would not definitely veto Turkish membership, but should this perspective become realistic, a delaying policy might be applied.

ENP Eastern dimension

From the moment of enlargement, the EU's cooperation policy with bordering countries was based above all on the European Neighbourhood Policy (ENP). This policy does not cover only the EU's immediate Eastern neighbours but also the countries of the South Caucasus and the Mediterranean. It is, however, the Eastern dimension of the ENP that is a priority for Poland, especially Ukraine and Georgia that have experienced democratic revolutions and pursue a pro-Western policy. Should other states like Armenia, Azerbaijan or Moldova become as openly and vividly pro-Western, they

¹⁰⁰ Kaczyński, Piotr Maciej (2009): Poland – The EU New Member States as Agenda Setters in the Enlarged European Union, European Policies Initiative–Open Society Institute, Sofia, 2009.

http://eupi.osi.bg/fce/001/0070/files/PolandCountryReport_OSI-Sofia_EuPI_April2009_.pdf

would also gain Polish support.¹⁰¹ The relations between Russia and the EU have a decidedly different character than the relations with the remaining countries in the region. Therefore, EU-Russia relations are based on the so-called four areas of cooperation and are described as a strategic partnership. On the other hand, it is obvious that Russia, as a direct neighbour, engages itself in the process of shaping these countries' relations with the EU.

In 2004, the Eastern dimension of the EU's foreign policy was visibly weaker than the Southern aspect (the countries of the Mediterranean also took part in the Barcelona process). Since the Eastern enlargement, more emphasis has been put on the Eastern dimension. The ENP currently covers 16 states of the Mediterranean, South Caucasus and Eastern Europe, its main goal is to strengthen the stability, security and prosperity of the EU and its neighbours. From the Polish perspective, cooperation with the countries of Eastern Europe is often perceived as a policy for further enlargement to the East. None of these countries has, however, been involved so far in the enlargement process. Poland, therefore, despite aiming at the inclusion of Ukraine in the European structures, abandoned the unconditional offering of the EU membership perspective to Ukraine, and increased its efforts towards cooperation in specific areas.¹⁰²

The EU Neighbourhood policy is considered to be one of the major areas that the Polish position is focusing on. Poland as a country having a long external border of the European Union finds the maintenance of funds within this policy instrument especially important because of two reasons. First, complying with the obligations related to the Schengen Agreement place huge burdens on the national budget. Second, it is a question of national and international security to help the democratisation process in the neighbouring countries. Especially important in this respect would be the relations with Ukraine, Russia and Belarus. Poland supports to keep up good relations, as well as support economic growth and political stabilisation in such neighbouring countries that would most probably not be offered full membership status in the near future but that might be potential candidate countries later.

It was based on these interests and framework conditions that Poland endeavoured together with Sweden to propose to the European Council a new and reinforced form of ENP in the Eastern part of Europe, namely the so-called Eastern Partnership initiative. In this regard Poland became a successful agenda-setter by carefully choosing a coalition partner among the old Member States, namely Sweden. The initiative (backed by all other Central and Eastern European new members) was adopted by all the 27 governments and the Eastern Partnership was officially launched in May 2009 in Prague. Now it is up the Member States and the Eastern partners to fill this new framework with

¹⁰¹ Kaczyński (2009)

¹⁰² Smyk, Katarzyna (2009): *Piec lat członkostwa Polski w Unii Europejskiej*, in: *Bilans korzyści i kosztów społeczno-gospodarczych związanych z członkostwem w Unii Europejskiej – Polska na tle regionu. 1 maja 2004 r – 1 maja 2009 r.*, Urząd Komitetu Integracji Europejskiej, Departament Analiz i Strategii, Warszawa, czerwiec 2009

more and more concrete projects. The first Eastern Partnership summit will take place under the Hungarian Council Presidency.

European Security and Defence Policy

In the past, Poland has been sceptical about the ESDP since its inception in the late 1990s. The initial problem was a suspicion that ESDP could undermine the transatlantic alliance. As this fear became irrelevant, Poland has supported a very strong ESDP (“the stronger the better”). It supports the idea of a close link between ESDP and NATO; the two should not be in competition with each other.¹⁰³ Poland supports the increase of military spending in the EU countries in order to develop national capacities to be later used in ESDP and NATO missions. Poland supports battle groups: one plan is to create a Polish-led battle group (with Slovak, German, Lithuanian and Latvian forces). Another plan was to establish a Visegrad battle group or a Weimar group. The Polish dedication to the cause goes beyond rhetoric (former Polish Prime Minister, Jaroslaw Kaczynski even supported the idea of a single European Army). In 2008 Poland joined the Eurocorps as a full member (and the only one from the new Member States). Poland participates in ESDP missions in Bosnia and Herzegovina, Kosovo, FYROM, Georgia, Chad (3rd contribution after France and Ireland).

Institutional issues: negotiations on and ratification of the Lisbon Treaty

At the long and emotional negotiations during the European Council of June 2007, Poland acted not only as a key player but also as an active opponent of the Treaty.¹⁰⁴ Finally, Poland negotiated several specific legal opt-outs, such as:

- opt-out from the Charter of Fundamental Rights,
- delay in the entry into force of double-majority voting until 2017 (with the official switch from one system to the other in 2014),
- introduction of the “Ioannina compromise” which makes it possible to postpone unwanted proposals almost indefinitely (in situations when the blocking minority was not reached).

As for the changes planned for the Commission, Poland has been in favour of keeping the position of the “national” Commissioner. Poland has been rather neutral in issues concerning the size and role of the European Parliament. The EP is relatively visible in Poland and the government at times tried to use this forum for its purposes (especially to delay a process, or to water something down). Polish political parties in the European Parliament established a Polish Club (Klub Polski) with all Polish parties participating in it with a rotating chairmanship system. It serves as a platform for coordinating

¹⁰³ Kaczyński (2009)

¹⁰⁴ In the course of the work on the Treaty of Lisbon, Poland submitted a proposal for the new voting system to be based on the digressive proportionality principle (so called equal representation system). Ultimately, Poland withdrew this proposal. Poland did achieve its objectives as defined by the negotiators, including those on the voting system in the EU Council and incorporation into the primary law of provisions on the change of the so-called Ioannina mechanism, being more of a symbolic nature. Poland joined UK in adhering to the Protocol on the application of the Charter of Fundamental Rights. It also added to the Treaty a unilateral declaration that underscored the importance of social and economic rights referred to in the Charter.

efforts to promote Polish national interests. This shows that Polish parliamentarians perceive the EP as a site for national-based politics, rather than ideological politics (conservative vs. social-democrats, or liberal vs. green). Poland has never had any problems with the idea of the High Representative for Foreign Policy: the political leadership welcomed this development.

The two chambers of the Polish parliament (Sejm and Senate) consented to the Treaty, the President, however, signed only the Act of Parliament, but not the ratification itself in 2008. The original reason for this was domestic (to increase the presidential power in European affairs at the expense of the government), but after the first Irish referendum it got an “external argument”. The general public, however, has supported the Lisbon Treaty (60% in favour, 14% against), therefore ratification has never been really questioned,¹⁰⁵ and finally Poland completed the ratification process soon after the second Irish referendum.

Interests, positions and influence in some key policy areas

Common Agricultural Policy

Polish experts often stress the European added value that the CAP entails.¹⁰⁶ For Poland the maintenance of the Community character of agricultural policy is a top priority. The importance of this policy for Poland is explained by the fact that in Poland agriculture employs 17.4% of the workforce that, on the other hand, contributes 3.8% to the gross domestic product, reflecting relatively low productivity of the sector. Polish agriculture is characterised even today by the fragmentation of farms, by a high number of people employed, by the poor quality of soil from agriculture aspect in many areas of the country, and by the relatively low use of industrial technology in production.

The modification of the shape of the CAP, however, is well understood by the Polish elite and they are supporting changes in this policy area. According to the position drawn up by experts from the Strategic and Analysis Unit of the European Integration Office,¹⁰⁷ the future agricultural policy according to the Polish experts should create equal competition conditions for European agricultural producers, enabling the proper functioning of the Single Market for agro-products. At the same time, due to the specific character of the sector, it should not be fully subjected to market rules. In other words agricultural production and trade cannot be fully liberalised, but should be further on supported by the EU, and should be performed at the Union level, meaning common rules and financing. The instruments of the CAP system, on the other hand, should undergo simplification. And at the same time, the CAP should try to respond to new challenges facing the European agriculture after accession and in the light of further liberalisation of agricultural markets. It is also clear, in line

¹⁰⁵ Smyk (2009)

¹⁰⁶ Burkiewicz, W. – Grochowska, R. – Hardt, L. (2007): Przyszłość polityki rolnej a przegląd budżetu Unii Europejskiej w latach 2008-2009, Urząd Komitetu Integracji Europejskiej Departament Analiz i Strategii, Warszawa 2007

¹⁰⁷ Burkiewicz – Grochowska – Hardt (2007)

with the above, that the new obligations related to environment protection and veterinary conditions exclude further reduction of CAP expenditure. The present size of the agricultural budget is the result of reforms thanks to which this policy has become more effective.

Concerning the main areas of the debate on the future shape of the Common Agricultural Policy, the Polish position can be summarised as follows. 1) Any kind of wish to slim the EU budget or any position against world trade liberalisation trends cannot be a reason to change the presently functioning system of direct payments. Poland supports that the main source of support within CAP should be further on the 1st pillar, representing direct payments. The 2nd pillar, on the other hand, although should gain more importance, but not through the reduction of sources from the 1st pillar.¹⁰⁸ 2) The modulation mechanism introduced in the framework of the EU financial structures fulfils the role of transferring the sources from the 1st pillar to the 2nd pillar of CAP. The Polish position thinks that funds from modulation should be applied at a wider scale to assist the least developed rural regions of the EU in their process of catching up. 3) The political aim of introducing the cross-compliance mechanism is to create a controlling and sanctioning system towards farmers in accordance with expectations of the societies of the EU. Poland and other new Member States found it reasonable to introduce the cross-compliance standards at the pace of the increase of direct payments to their full level. 4) The different payment systems used in the common market confuses competition terms in the Union. Poland would find it important that the payment system made independent of production (decoupling) should be used in all Member States at the same time, and by uniform support. 5) With the aim of stabilising the European agro-food market, Poland would like to try to get export refunds for as long as possible, especially in the most sensitive sectors (e.g. cereals, meat, milk). In case of reducing market intervention tools in the EU market, a new crisis management system should be worked out.

Budget

The enlargement of the EU with the less developed Eastern European countries caused tensions well before 2004. Two main policy instruments were basically under attack, one of them being the EU Cohesion Policy instrument representing the second largest part in the EU budget with 35% share in 2007-2013, reaching the sum of 308 billion euro.¹⁰⁹ Half of this sum is entitled for the new Member States, whose level of development, measured by GDP per capita, remains well under the EU average. Every fifth euro has been put into disposal for Cohesion Policy intervention in Poland, which means that Poland has taken the role previously belonging to Spain being the largest beneficiary of this EU policy instrument.¹¹⁰ It is well understood in Poland that the country has to take an active role

¹⁰⁸ Polska wizja polityki rolnej wobec oceny funkcjonowania WPR, Ministerstwo Rolnictwa i Rozwoju Wsi, Warszawa 2007

¹⁰⁹ We have to take into account as well that the sum of 35% of the EU budget means only a minor amount at the Union level, giving 0.37% of the GNI of the EU, which does not seem to be much if we take into account the precondition that it is one of the major objective of the EU to increase cohesion and decrease regional differences at the European level for a more integrated European market.

¹¹⁰ Smyk, Katarzyna (2009): Piec lat czlonkostwa ..., Urzad Komitetu Integracji Europejskiej, Departament Analiz i Strategii, Warszawa, czerwiec 2009

in the debate on financing cohesion. Poland has been and will be supporting the maintaining of the EU Cohesion Policy. The Polish position underlines that its continuation on the basis of the solidarity rule and regional dimension would decrease regional disparities, increase cohesion in the common market and would bring further benefits to all Member States in the form of faster economic growth and improvement in the situation of the labour markets. Therefore, Poland would oppose any proposition to re-nationalise the Cohesion Policy because it may be motivated by the desire to gradually decrease the scope of or even eliminate the policy. This would threaten Polish interests. It is also important for Poland that this policy would consider all Member States and not only the newly acceded countries.

Poland will support the proposition to increase allocations linked to new challenges facing all the Member States, or such criteria that have a high value added at the EU level, e.g. trans-border cooperation, trans-European infrastructure network, challenges linked to the EU2020 Strategy, challenges of globalisation and further market liberalisation, as well as innovation needs for global competitiveness. Poland would promote a further decentralisation of the EU Cohesion Policy, particularly in terms of delegating the main competencies to the regions. Poland would also support the simplification of bureaucracy linked to the management of Cohesion Policy, which should not lead to the decrease high standard monitoring and evaluation of public funds within the EU. Increasing visibility should not mean more bureaucracy but shorter procedures. Poland would oppose to any reduction of the present share of Cohesion Policy in the EU budget.

Internal Market

The Polish approach is characterised by pragmatism as it promotes the drive towards liberalisation, support for completion of the Single Market and removal of obstacles, accompanied by a general support (though critical) of European Commission initiatives. The first priority for Poland is the synergy between competitiveness and the other policies. The second, is the enhancing the free movement of services in the EU, as Poland has a significant comparative advantage from this point of view (cheaper labour, lower taxes). In this regard Poland participated very actively in the debates on the Services Directive too.¹¹¹ The third priority in this framework is support for SME development.

Energy/climate

The Polish approach towards EU energy policy and climate change is double-faced. On the one hand, Poland is a strong protagonist of an EU led common energy policy, also in its external dimension.¹¹² On the other hand, Poland was among the greatest critics of the climate change package and proposals. There are two guiding principles that must be followed: climate change and economic growth. Poland believes that it would be disastrous to put too much burden on the industry through climate change policy because it could not have enough impact worldwide, but would have

¹¹¹ The final directive of 2006 was substantially modified due to Western states' fears of service providers from the new Member States, embodied symbolically, to a large extent as a result of media depiction, by a Polish plumber.

¹¹² Kaczyński (2009)

devastating impact on the industry in the Internal Market. During the energy and climate debate in 2008, the proposal put forward by the Commission was clearly disadvantageous for Poland, as it failed to consider the specificity of the Polish economy, predominantly based on energy produced from coal. Finally, Poland managed to obtain flexibility as regards the rate of drop in the percentage of free emission quota for power generation in the years 2013-2020 (in 2013, free quotas will be able to cover up to 70 % of the power industry emissions, while all quotas will be chargeable in 2020). The compromise also provides for the introduction of the so-called revision clause, enabling a modification and potential prolonged operation of the derogation in 2018. Also, as a result of the compromise, Poland will receive more CO2 emission allowances than the quantities forecast for the Polish industry, including power industry.

Crisis management in the EU framework

Poland has overcome the global economic crisis relatively well thanks to the good economic conditions shaping their crisis management accordingly. Having a large domestic market, consumption has always played an important role in Polish growth. Domestic consumption has not been hit hard, which helped to overcome the negative effects of the crisis. The tax reduction of the Polish government has had its impact at the turn of the crisis which generated additional growth. Weak currency helped domestic tourism. The most important, however, was investment that has been a leading growth factor since 2006. In connection with utilisation of EU sources and the 2012 European football championship, infrastructural developments and other construction projects turned out to be the most important motors of the economy. In the midst of the crisis, the government facilitated (shortened) the official procedures of calls for tenders, construction permits and use of EU funds. As a result, the grand infrastructural projects, environmental investments, stadium and bridge constructions have not stopped, thereby generating additional impetus for domestic growth.¹¹³

Due to the fact that Poland has not experienced such type of financial crisis that was seen in Western countries, the Polish state did not need to launch rescue packages. Thanks to the conservative regulatory environment and diverse ownership structure in the Polish banking sector, this sector remained relatively stable during the crisis. Warsaw on the other hand, participated in the IMF flexible credit facility of 20.5 billion USD for improving liquidity of the market. This credit was offered for countries that would apply this money not for short-term crisis management, but for growth generation and for medium term liquidity measures. There are two areas where immediate provisions had been necessary: labour market (and social issues related to it) and the handling of the growing state debt.

¹¹³ Wisniewski (2010)

The Tusk government accepted in the first months of 2010 a saving package for 2010-2012 that aims at cutting spending and addressing structural reforms. Because of political reasons (presidential election in mid-2010) a “shock therapy” type of reform was out of the question, though, small steps in the direction of budgetary restrictions in state budget spending and pension reform are pointing at the way to go further on. Such cuts are represented by the setting of ceilings in public spending and central management of public funds and state tenders. Some pension privileges have also been touched e.g. pension allowances for “workers in uniform”, or allowances for farmers. There are long-term future-oriented objectives formulated in the programme such as education reform and young employment.

Institutional set up of EU affairs

The past six years in the European Union constituted a period of learning its complex decision-making process. In this initial period Poland has been devoted to the consolidation of the country’s presence in the EU structures and mechanisms. With the passage of time and with experience, the “emancipation” of Poland started that should mature with Poland’s Presidency in the EU in the second half of 2011. At the initial stage Poland’s attitude was rather responding than taking initiative, however, as the learning process progressed, the state grew more active and forward-thinking. The concept of the Eastern Partnership, put forward by Poland, or Poland’s input to the work on the EU strategy for the Baltic Sea in 2008 show that there have been positive changes in this respect and that the country’s performance has increasingly been pro-active and innovative.

This has greatly been helped by the efficient institutional set up of EU affairs in Poland which is actually centred at one single institution since 1996. This institution is called UKIE, the Office of the Committee for European Integration. This Office has been responsible for coordinating the activities of all ministries and institutions directly involved in the process of Poland’s interactions with the European Union.¹¹⁴ The work of UKIE includes the following activities. Preparations for the Council Presidency in the second half of 2011, participation in the process of creating the EU law, implementation of the EU law, coordination of the process of preparing draft instructions for meetings of the Council and COREPER levels, monitoring of works conducted by the committees and working parties of the European Union, coordination of cooperation with Members of the European Parliament, representation before the European Court of Justice, management of EU funds, analysis of new phenomena, strategies and trends in the EU, issuing opinions on legal regulations and programme documents, cooperation with the Sejm, further training of the administrative staff, correction of prepared translations, etc.

An important dimension of influence of Poland is its presence in the EU institutions. The work of Polish deputies in the European Parliament must be highlighted here. Their effort has been robust,

¹¹⁴ http://polskawue.gov.pl/The_Office_of_the_Committee_for_European_Integration,%28UKIE%29,890.html

and they have gradually evolved from specialising in Eastern policy affairs into focusing on other, most important strategic issues of EU policy, such as energy, climate and research. Their impact has been noticeable, though they often focused on non-legislative areas. An important success for the country has been the election of Jerzy Buzek as president of European Parliament in 2009. Another factor of operational assessment is the presence of Poles in the European Commission. As of January 2009 1180 Polish citizens have been employed at the European Commission in total (including 788 officers, 222 fixed-term employees and 170 contract staff). Thus, 75% of total quota of 1341 positions allocated to Poland was met by 2010. The results are moderately satisfactory if we look at the filling of independent and higher positions, where this rate is 56.5%.

Concluding remarks

The main priority of Poland's European policy in the first six years has been to maximise the opportunities arising from EU membership and to adapt in a smooth manner to the realities of being a Member State.¹¹⁵ Also, Poland concentrated its efforts on achieving a strong position of an influential Member State, with ambitions commensurate with its size and socio-economic potential. Poland has attempted to participate actively in the EU work, including the crucial debates: the financial perspective, the Treaty reform, climate and energy debates, as well as those pertaining to the individual policies.

In fact, the most important policy areas, where the Polish position is and will be important are the following. 1. The budget and regional funds – Poland is the main beneficiary of the current multiannual budget. 2. Agriculture – Poland has the second highest number of farmers in the EU (after Romania) and has a major agricultural production, farmers are also an important social group in the country. 3. Macroeconomic policy – it is currently the 6th largest economy in the EU (though not being a member of the Eurozone its impact is limited at the moment). 4. Business (Internal Market, enterprise, competition) – major focus on SMEs and heavy industry, potentially also on services. 5. Mobility – millions of Poles working abroad, though very few foreigners came to work in the country. 6. Climate change and energy – adapting the coal-based economy to carbon-free production constitutes a major challenge. 7. Justice and home affairs, especially in trafficking – Poland is a major transit route of drugs, goods and people. Here it is important to mention the successful application of Poland to have the European Agency for the Management of Operational Cooperation at the External Borders (so-called FRONTEX) on its territory. 8. Foreign and defence policy – Poland's aspiration is to shape the EU's Eastern policy as well as to influence transatlantic relations and defence cooperation. Furthermore, in Poland there is strong support for the external component of EU energy security, opposition towards tax harmonisation, support for further enlargement, as well as for the promotion of democracy in third countries.

¹¹⁵ Serafin, Piotr (2007): Unia Europejska w przededniu wielkich debat, UKIE Discussion Paper, Departament Analiz Urzedu Komitetu Integracji Europejskiej, Warszawa 2007

Effective operation in the EU is tested by the skills to win supporters for the state's initiatives and to build coalitions.¹¹⁶ Over the six years Poland has been a member of various coalitions, which are usually of dynamic nature, depending on the issue. The country worked together with such diverse countries as Spain (on the Constitutional Treaty) or Sweden (on the Eastern Partnership initiative). There is, however, a coalition building pattern of Poland. On the first level can be found the regional partners, such as the Visegrad group, the Baltic nations (including Sweden, Denmark and Finland), and Germany. The second group is composed of the remaining new member countries, especially the post-communist ones. The third layer is relations with the largest EU members. The final layer is the whole EU27 (where according to dossiers some countries may appear as key partners such as Ireland in labour migration).

The first years brought about many opportunities used by Poland. An important challenge, however, has been for Poland to play the role of a big Member State and at the same time, lagging far behind in terms of development. The question is whether Poland will define itself as a big or as a poorer Member State. The answer will define its future role and influence in the EU in the years to come. The immediate priority is of course to run a successful Polish Presidency in the second half of 2011.

¹¹⁶ Smyk (2009)

Political leadership of Romania between January 2007 – May 2010		
Prime Minister	Period	Composition of the Government
Cálin Popescu Tăriceanu	December 2004 – December 2008	National Liberal Party (PNL) + Democratic Party (PD) + Democratic Union of Hungarians in Romania (UDMR) + Romanian Humanist Party/Conservative Party (PUR/PC): December 2004 – April 2007 PNL + UDMR: April 2007 – December 2008
<i>Parliamentary elections</i>		
Emil Boc	December 2008 –	Grand coalition government, formed by the Democratic Liberal Party (PD-L) + the Social Democratic Party (PSD): December 2008 – December 2009 December 2009 – PD-L + UDMR

Political forces leading Romania between 2004 and 2010

Since 20 December 2004 until to date the President of Romania is Traian Băsescu. On 20 April 2007 he was suspended from office. He re-assumed his position on 23 May 2007 after a referendum was held. He was re-elected on 6 December 2009 for a second 5 year term that started on 21 December 2009. Between December 2004 and December 2008 the Prime Minister was Cálin Popescu Tăriceanu who was replaced by Emil Boc and later was re-elected after the elections in December 2009. After EU accession political life was poisoned by the continuous charges of corruption that made difficult the cooperation between the President and the government. Since December 2008 the relation between them has improved substantially leading to a strong policy orientation aimed at handling the negative effects of the economic crisis after December 2009.

Interests, positions and influence in major political issues

Enlargement

Romania's foreign policy basically follows the mainstream approach of the European Union as far as its immediate neighbourhood is concerned. Despite of its geographical proximity, Bucharest takes the major lines of its policy from Brussels in its relations with Moldova. Romania actually responded with a general non-committal stance to the unrest on the 4 April 2009, following the victory of the Communist Party in the parliamentary elections there. Romania in principle is very much interested

in the processes taking place in the Western Balkans and aims at supporting stabilisation there. The two most important acts of Romania in relation with this region is that it has not recognised Kosovo's declaration of independence but at the same time it participates in the EULEX mission. Strengthening collaboration with Serbia, to make its commitment to a European path irreversible, is also a priority.¹¹⁷ This is also explained by some strong economic ties that were preserved even during the nineties when the civil war devastated the country.

Romania as one of the poorest countries in the European Union measured in per capita GDP generally favours the enlargement of the European Union towards South East European countries and Turkey. There are of course some fears that Turkey is a too big country taking at risk the EU resources available for Romania, however, because of the very uncertain and definitely long process before Turkish accession, this consideration is not very pressing at the moment. So supporting the potential membership of Turkey does not mean any immediate risk for the country that is especially interested in keeping the EU's door open for the Republic of Moldova. The historical links with Moldova, the sensitivity of the Romanian public opinion about the future of this neighbouring "brother" make the future accession of this country a top priority for Bucharest. The cold relations with the current government in Chisinau do not change the situation, since Bucharest considers having a more salient and long-term duty to the people of Moldova. While Chisinau is reluctant to pursue the reforms requested by the EU, and the Union itself does not see Moldova as a priority, Romania seems to assume Moldova's integration as a long-term goal and a consensus exists among the mainstream political parties on this issue.

A general support for Serbia and a particular interest in Turkey's accession connected with the Nabucco pipeline are also worth mentioning. The importance of Turkish accession for Romania is only temporary and is connected with the mentioned pipeline project, seen in Romania as a key for the country's energy security policy. Romania, however, did not express a clear message towards Turkey's accession. It has a narrow interest in opening the energy chapter in negotiations. Turkey created problems for the Nabucco pipeline in order to obtain 15% of the transported energy. Being directly interested in the completion of the project, Romania received the signal from Turkey that it would make some compromises if the energy chapter would be opened. Most probably, Romania will push for obtaining this outcome. As far as the accession of Croatia is concerned, Romania has not reflected any objections against it.

ENP Eastern dimension

The basic orientation of Romanian foreign policy since the beginning of the nineties was the integration into Euro Atlantic structures. After achieving it with NATO membership and later by EU accession, Romania started to draft its interest regarding the future enlargement of the EU and started to make hear its voice in issues affecting the South East European region. As part from this

¹¹⁷ See in detail: Pop, Liliana (2009): Romania's foreign policy after EU enlargement: A country in search of a role. http://www.uaces.org/pdf/CRNs/ForeignPolicy_July_Pop.pdf

regional interest Romania has a top priority in the ENP: bringing the Republic of Moldova (RM) onto a solid EU accession path. Most Romanians still consider RM as part of the national territory, in spite of the fact that the relation with Moldova is not without tensions mostly due to Moldova's need to maintain good relations with Russia that limits the Romanian influence in Moldova.

Romania's aim is to persuade the EU to improve and upgrade the relations with Moldova in order to move from its current status as an ENP country to a similar level as the Western Balkans (the aim is to reach an Association or a similar Agreement that contains a more or less transparent accession perspective). Eastern Partnership is considered by Romania as a step forward that deepens the relations with Moldova but it still considers this status insufficient. Romania worries that keeping Moldova in the same framework as countries such as Georgia or Belarus will make the country dependent on other external factors, in an already very complicated context. Having in mind these developments and framework conditions Romania is among the strongest supporters of ENP but firmly insisting on the principle of each country's self differentiation that would make possible to leave "upwards" this group in case Moldova achieves a sufficiently deep transformation making more likely the fulfilment of any accession conditions in the future. The Polish-Swedish initiative on Eastern Partnership may have a double impact on Romanian's approach and strategy vis-à-vis the countries concerned. On the one hand, a closer collaboration between the EU and its Eastern partners would benefit Moldova, but at the same time it confirms its position within the group of countries that do not have any clear and foreseeable perspective of membership. At the moment Romania's position regarding Eastern Partnership is rather supportive as it considers it as an opportunity to increase the attention towards Moldova.

European Security and Defence Policy

Romania does not have a clear position on ESDP, preferring to await the European consensus. As a general behaviour, Romania tends to see itself as a loyal partner of the bigger states and major allies, whether the US, NATO or a European structure, as long as they guarantee Romania's security. The very limited manoeuvring room of the country both in political and economic terms puts Romania in this field in a clear decision-taker position.

Minority issues

Minority questions and problems have a long history in Romania. The explanation of this is naturally the large Hungarian ethnic minority living in the Northern and North-Eastern part of the country. Given the country's special position as regards minority questions due to the large Hungarian ethnic minorities the major interests of Romania as regards minority issues are confined to (1) ensuring a concrete follow-up to the EU Roma strategy; (2) 'Europeanisation' of the Roma issue; (3) institutionalisation of a European policy on the Roma by establishment of a Roma Unit within the European Commission (which will look at ways to effectively use the different EU funds to more directly target prioritised Roma policies and create, evaluate and help the implementation of the European Roma Strategy). On the other hand, Romania is absolutely against any attempt to regulate

from EU level the relations between Romanians and the Hungarian minority. This explains that Romania considers the minority issue as absolutely belonging to internal competences of the individual countries and does not support any policy that aims at upgrading this issue to EU level.

Institutional issues: negotiations on and ratification of the Lisbon Treaty

Generally speaking in Romania there are no big debates on EU issues. The explanation for this is manifold. First of all, with EU membership the country achieved its major objective and after that there was a very vague knowledge on how to behave within the Union. The focus was on issues having immediate impact on or relation to Romania and the questions outside these realms were out of interest of the country. Partly because of this behaviour and partly because of the limited manoeuvring room due to the very difficult accession conditions, Romania did not draft strong positions regarding the Treaty modification.

Romania joined the EU in particular circumstances, after the failure of the Constitution and after a consensus was reached on the Lisbon Treaty. With very difficult accession conditionalities upon it (see the possibility for example of postponing the accession by one year, etc.) Romania was not in the position to “trouble” EU internal debates.¹¹⁸ Some believed that, after the Irish referendum, Romania and Bulgaria could use the moment to review their position towards the document. But this did not happen, and Romania did not have any objection to the Lisbon Treaty.

Romania is interested in a single European Foreign Policy in principle but in this respect it does not have any articulated position. In fact, the country does not have any objection to the formulation of joint positions towards third countries but the lack of such common positions does not bother Bucharest significantly either. Romania was the fourth EU member to ratify the Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community.

Interests, positions and influence in some key policy areas¹¹⁹

Common Agricultural Policy

In Romania the importance of agriculture is above average in the European Union regarding both its share in GDP production and employment. This fact explains that the future of the Common Agricultural Policy is of great importance for Romania. In spite of this visible interest in agricultural matters, Romania does not have a clear position towards the debates on the CAP and the EU budget.

¹¹⁸ In addition to the general measures applicable to each accession country, the enlargement process, because of its complexity, lead to the inclusion, both in the Accession Treaties for the states that joined the Union on 1 May 2004, and in Romania’s and Bulgaria’s Accession Treaty, of specific safeguard clauses, applicable for three years from the accession date (in Romania’s case, this period ended on 31 December 2009). See more details at the homepage of the Ministry of Foreign Affairs of Romania.

¹¹⁹ This chapter is basically based on the study: Ghinea, Cristian (2009): Romania – The EU New Member States as Agenda Setters in the Enlarged European Union. European Policies Initiative–Open Society Institute, Sofia, 2009. http://eupi.osi.bg/fce/001/0070/files/RomaniaCountryReport_OSI-Sofia_EuPI_April2009_.pdf

As in other policy areas with EU relevance within the country there has not been real internal debate on the future of the CAP. Despite the importance of agriculture for the national economy, Romania has manifested only limited positions in the general debate over the future of this common policy. There is an internal consensus that the farmers should be supported but there are no political positions about the connection between Romanian farmers and European negotiations. We have to stress again that the explanation for this situation is clearly connected to internal political and economic problems that characterised the country since EU accession and the difficult conditions of accession that limited the country's manoeuvring room.

The Romanian agricultural sector is a net beneficiary of subsidies and rural development funding that explains the Romanian interest to preserve the nature of the current CAP system. At the same time, Romania does not reject the UK's general position that rural development should be emphasised more, under the condition that subsidies should be revised. Romania considers that it needs both subsidies and development funds and will try to play the game of negotiations with the objective of preserving the former and increasing the latter. Romania still has to make a political decision over the two priorities which seems to be a difficult one as both areas have supporters as it was described above. Romania reacted to the French call and signed a common position paper with seven other states warning against bold CAP reform actions, on the grounds that the Member States should first decide what the future of agriculture in Europe should be and what the goals of the CAP are before negotiating budget cuts. At the same time, Romania rejected another French idea – national payments for farmers outside CAP – considering it would be costly for the national budget.

On other technical aspects, Romania opted as follows: on *SPS/SAPS* Romania used the option offered to NMS and will continue with SAPS until 2013; on *cross compliance* Romania obtained the postponement of the animal welfare rules until 2016. The Romanian government also underlines that the rule concerning the exception from penalties for financial help of less than 100 euros benefits Romania, given its large numbers of small farms. On *the new Article 68* the Romanian government obtained an annual limitation referring to an “integral” subsidy (that will be received by Romanian farmers in 2016 under the current schedule). On the *limits of aid* Romania disagreed with the proposal of a superior limit and was contented with the inferior limit of 1 hectare. As regards *modulation*, this policy did not apply to Romania, thus the government did not express any position under the current negotiations (this policy is scheduled for re-evaluation in 2014).¹²⁰

Budget

Despite its major interests in EU funding, Romania did not expose itself very much in the budget debate. The official position was expressed in the document “Romanian Government contribution to the public consultation process on the EU budget review,” sent to Brussels in April 2008. The document is rather vaguely formulated, from which a clear position cannot be identified easily. It

¹²⁰ Ghinea (2009), p. 26

includes that *“Cohesion Policy should remain a key priority for the European Union in the following financial perspective, due to its crucial contribution to achieving EU political priorities and Lisbon Strategy objectives/targets,”* but at the same time, *“the mechanism for implementing the Cohesion Policy should be simplified. Issues such as state aid, public procurement, environmental impact, complex procedures and technical standards raise many difficulties at project level and generate important delays in implementation.”*¹²¹ This unspecified position clearly shows that Romania is probably waiting for policy statements from bigger and stronger countries and it is expected that, after that, Romania will join these positions but it avoids sending clear messages on this issue alone.

Internal Market

While negotiating EU accession, Romania could not oppose to the old Member States’ policy of limiting Romanian citizens’ access to their labour markets for a transitional period. Romania tried to take part in a coalition with the new Member States to avoid the extension of this restriction. Romania has been among the largest exporters of labour to more developed EU countries in the last years. According to different calculations, about 2-3 million Romanians went abroad to undertake jobs. This process had several important impacts on Romania. First, it had a positive impact on the unemployment rate, as well as on the current account and domestic purchasing power as the remittances of these workers reached about 6-8% of GDP. This contributed to the increasing living standard and domestic demand in spite of the relatively low wages in the country. Second, due to this massive labour migration in certain sectors of the Romanian economy labour shortages occurred. This was largely an unregulated migration, since the Romanian companies are allowed to move workers directly to other EU Member States. Despite its potential interest in the issue, Romania was only passively involved in the fierce debate around the Services Directive. All in all, the free movement of labour is of utmost importance for Romania due to its impact on the domestic economy, but this interest is certainly not reflected fully in the position and behaviour of the Romanian politicians in debates on the Internal Market.

Energy/climate

Romanian energy policy is not very visible and generally follows the major policy trends in the European Union. Given the economic and political strategy of the eighties of the last century, Romanian dependency on the Russian gas is lower than the EU average. However, it is still a potential problem because of the bad relations between Russia and Romania at official levels. This explains that in spite of its lower dependency, Romanian officials deal intensively with common EU energy policy, as a way to counterbalance Russian influence. Romania was persistent and coherent in supporting the Nabucco pipeline project and a greater interdependency among EU countries. Given its economic situation and the lack of a significant ecological movement, Romanian governments show very limited efforts for reduction of energy consumption and for increase of energy efficiency. Romania will probably follow the European consensus in that matter, trying to reduce as much as

¹²¹ Ghinea (2009), p. 27.

possible the costs inflicted on the national economy. As far as nuclear energy is concerned, Romanian mainstream parties unanimously agree that this should be an alternative and all parties generally speak about its importance in energy security but none of them makes promises for investing in this sector.

The EU's Energy Action Plan underlines the importance of energy resources security and solidarity between Member States, and Romania welcomed both objectives. Trying to decrease the EU's dependence on Russia, the Commission is committed to the Nabucco pipeline, another major objective for Romania, which supported the project since its conception. Romania also welcomed the Commission's plan to create a regional market for energy and to contribute to the interconnection of energy networks.

Area of freedom, security and justice

Romania entered the EU in 2007 with the post-accession monitoring mechanism in the justice and anti-corruption field. The country concentrated on dealing with this issue resulting in heavy debates in all field of the media and political parties as well. Little interest remains for broader aspects of justice and home affairs, and the country tends to follow the EU mainstream with little original contribution. As Romania consolidates its position within the EU and learns to take advantage of its membership it is likely to upload onto the EU agenda the problem of its external EU frontier (one of the longest in the Union) and to seek further assistance in managing it. At the moment the most important aspect in this field for Romania is the equal treatment of its citizens working in Western Europe and the elimination of restrictions for the Romanian workforce. When the Romanian government participated in the debate concerning the European migration policy, it highlighted the protection of Romanians working abroad (in order to ensure their treatment as full-fledged EU citizens, according to Internal Market rules, rather than as third-country migrants).

Asylum policy is not a priority on the Romanian public agenda, since the country is not a preferred destination for asylum seekers. In the debate on the French-proposed Pact for Asylum and Immigration, Romania argued for flexibility of the time line in introducing biometric visas. Romanian authorities are worried that they will not be able to meet the deadlines due to financial and technical difficulties.

Another priority for Romania was to diminish the impact of the European external border policy on the existing relationship with the Republic of Moldova, especially because there are approximately 500 000 (unofficial figures) Moldavians who have been or are about to be granted Romanian citizenship.

Crisis management in the EU framework

The Romanian approach to the crisis can be defined as late, slow and non-proactive. During the crisis management in 2009 it was clear that the Romanian government did not want to take serious steps against the crisis mostly because of the approaching elections in autumn. They hoped that it would be possible to emerge from the deep crisis without serious tightening measures. However, it became clear very soon that without a huge international assistance the external (and internal) financing of the country is impossible. Under the EU and IMF umbrella the country slipped into a recession with almost 8% GDP decline in 2009. The 2009 budget collapsed within weeks and it had to be modified several times just like the budget deficit target. The IMF and the EU set several conditions for their assistance including the adjustment of budget revenues and spending, reforms in taxation and the pension system. In the autumn of 2009 due to the elections and the government crisis, effective steps to alleviate economic problems were not adopted. *“The political situation has normalized. President Băsescu’s re-election victory was confirmed by the Constitutional Court and he was able to assemble a narrow majority in Parliament to name a new government. Both the President and the Prime Minister have reaffirmed their strong commitment to the Fund program.”*¹²² The new government taking its office last December initiated austerity measures in order to control the budget deficit. Under these serious economic problems at home, Romania’s interest in EU efforts in crisis management is of marginal importance. Bucharest would welcome every effort that would further stabilise the position of the country.

Institutional setup of EU affairs

In Romania the formulation and implementation of foreign policy is shared between the cabinet and the presidency. Till 2008 there were fierce conflicts between the President and the government partly because of the different political orientation of the leaders. These tensions have been less apparent in the new power configuration, since the December 2008 elections, with the Democratic Liberal Party, President Băsescu’s party, now leading the cabinet. The Foreign Ministry portfolio itself has been given to their coalition partners, the Social Democratic Party (PSD) and the cooperation has been relatively smooth till mid 2009. With the two coalition partners supporting different candidates for the Presidential elections later in 2009 this situation changed substantially. In spite of these disagreements, partly intensified by the somewhat fragmented institutional set up and the somewhat fractious style of the President, the broad outlines of Romania’s foreign policy have remained relatively constant. After the elections of 2009, thanks to the results, the relation between the President and the government improved substantially, the coordination of EU affairs became stronger. Before 2007 a separate ministry, the Ministry for EU Affairs was responsible for EU policy coordination. After entering the EU the basic role of this ministry was changed and EU affairs and coordination became the task of the Ministry of Foreign Affairs.

¹²² See: Romania. Staff Report for the Second and Third Reviews Under the Stand-By Arrangement, Request for Rephasing and Waiver of Nonobservance of Performance Criterion. February 2010, IMF, p. 4. <http://www.imf.org/external/pubs/ft/scr/2010/cr1049.pdf>

Concluding remarks

Romania is a clear decision-taker within the European Union. This position is based on several interrelated factors. First of all, the special circumstances of its accession made the country vulnerable vis-à-vis EU decision-makers. The “fear” of EU leaders was later confirmed by the continuous problems of corruption that was the most important economic and political issue since accession. This special situation, however, limited substantially the activity and manoeuvring room of the country in EU affairs. Secondly, Romania is among the poorest countries in the European Union and it badly needs huge EU transfers in order to speed up its catching up process to EU average. Thirdly, the economic crisis hit the country especially strongly, leaving it very vulnerable to the policy and grace of international creditors, most importantly the EU and the IMF.

Romania, as a new, medium-sized and poor Member State of the European Union has a very narrow path to make its voice heard and to enforce its interests. Under these circumstances Romania tries to use the EU for achieving results in certain fields important for the country, but clear positions are drafted only very rarely. The most important fields for Romania are energy, the future of the EU budget (CAP and Structural/Cohesion Policy), ENP and enlargement.

Political leadership of Slovakia between May 2004 – May 2010		
Prime Minister	Period	Composition of the Government
Mikuláš Dzurinda (SDKU)	September 2002 – July 2006	SDKU (Slovak Democratic and Christian Union) KDH (Christian Democratic Movement)* SMK (Party of the Hungarian Coalition) ANO (Alliance of the New Citizen)**
<i>Parliamentary elections</i>		
Robert Fico (Smer)	July 2006 – May 2010	Smer (Direction – Social Democracy) SNS (Slovak National Party) HzDS (People’s Party – Movement for a Democratic Slovakia)
<i>Parliamentary elections</i>		

* left the coalition in February 2006

** left the coalition in September 2005

Political forces leading Slovakia between 2004 and 2010

The general elections of 2002 resulted in a centre right pro-reform coalition government of four parties – SDKU (Slovak Democratic and Christian Union), KDH (Christian Democratic Movement), SMK (Party of the Hungarian Coalition) and ANO (Alliance of the New Citizen) with Mikuláš Dzurinda again Prime Minister. As a result of the parliamentary elections of 2006, Robert Fico, the leader of the winning party announced that the government coalition will consist of his Direction – Social Democracy (Smer) and two partners: Slovak National Party (SNS) and People's Party - Movement for a Democratic Slovakia (HzDS), a mixed coalition of left and right-wing populist forces. The next, regular parliamentary elections were held in Slovakia on 12 June 2010.

Interests, positions and influence in major political issues

Enlargement

Slovakia is a country that supports the accession of all candidate countries into the EU and also the accession of potential candidate countries of the Western Balkans. The quick and successful completion of accession negotiations with Croatia can be considered the highest priority, Slovakia has been strongly pushing for an earlier start of negotiations from the beginning. Due to cultural and historical ties, Serbia is definitely an important country from the Slovakian perspective: Bratislava was backing any decisions offering accession perspectives for Serbia. Slovakia supported the signing of the Stabilisation and Association Agreement with Serbia and promoted the immediate implementation of the trade part of the agreement.

Due to the fact, that the current Foreign Minister (until June 2010) Miroslav Lajcak has been the High Representative for Bosnia and Herzegovina, Slovakia has a special interest in this country as well.

Slovakia is one of the five EU Member States that do not recognise the independence of Kosovo. Beside the good relationship maintained with Serbia, there might be the fear that the independence of Kosovo could constitute a precedent in international law, possibly usable by the Hungarian minority in Slovakia towards secession.

ENP Eastern dimension

Along with Poland, Sweden, the Czech Republic and the Baltic countries, the Slovak Republic is one of the countries most involved in the Eastern Partnership project. Slovakia perceives it as a shift from neighbourhood to partnership involving a greater readiness to consider each individual Eastern neighbour country of the EU in terms of their specifics and progress achieved.¹²³ However, the Ministry of Foreign Affairs was “disappointed” that Slovakia was not included in its formulation since the beginning.¹²⁴

The biggest problem of the Polish-Swedish initiative is that it does not represent a continuity with the ENP instruments developed during the Finnish and German Presidencies — especially with the German idea of binding sectoral agreements. The Slovak Ministry for Foreign Affairs thinks that the Eastern Partnership should be further developed, better associated with the ENP and it should also include concrete measures bringing Eastern neighbours closer to the EU.

Slovakia also sees the Eastern Partnership as an opportunity for the creation of a common economic and value area as well as for the overall modernisation of society in the partner countries based on the EU model.¹²⁵

Ukraine is the most important country for Slovakia in the framework of ENP, whose integration or closer association to the European Union is strongly supported by the Slovakian government. Slovakia would like to conclude and ratify the new Partnership and Cooperation Agreement with Ukraine as soon as possible. Two other countries that are stressed in the Slovak Foreign Policy

¹²³ http://www.foreign.gov.sk/en/foreign_policy/slovakia_in_europe-slovakia_and_eu

¹²⁴ Bartovic, Vladimir (2009): Slovakia – The EU New Member States as Agenda Setters in the Enlarged European Union, European Policies Initiative–Open Society Institute, Sofia, 2009, p. 32.

¹²⁵ http://www.foreign.gov.sk/en/foreign_policy/slovakia_in_europe-slovakia_and_eu

strategy are Belarus and Moldova. The Slovak Ministry of Foreign Affairs is also supporting the ambitions of Moldova to embark on a higher level of cooperation with the EU.

European Security and Defence Policy

Slovakia is a supporter of an enhanced ESDP, but declines the possibility of an ESDP diminishing the importance of NATO. In the Slovak opinion, ESDP and NATO should work together as closely as possible. While previous Prime Minister Mikuláš Dzurinda saw NATO as the main guarantor of the Slovak Republic's security, there was a rhetorical shift by the Prime Minister (until June 2010) Robert Fico, tending to prefer ESDP.¹²⁶

Minority issues

There have always been two major issues related to this topic: Hungarian minority rights and the Roma minority's social inclusion and non-discrimination. The Hungarian minority represents 9.7% of Slovak citizens and the Roma minority 1.7% by official figures.¹²⁷

Slovakia considers the case of the Roma minority, and the issue of their social inclusion as crucial. Slovakia is the only EU Member State that has prioritised Roma social inclusion issues in the distribution of Structural Funds within a separate horizontal line, and allocated 200 million euros for that purpose during 2007-2013. Both, representatives of the Slovak government and Slovak MEPs supported the plan of an emerging European Roma Policy.

Concerning the Hungarian minority issues, the Slovak National Party (SNS), part of the ruling coalition until June 2010, has constantly been creating a negative atmosphere for Slovak-Hungarian relations. In the last two years, we could even witness a series of incidents between Slovakia and Hungary, where nationalists on both sides played a crucial role. However, Slovakia thinks that any disputes should be resolved at the national level or bilaterally (with Hungary) rather than multilaterally (Council of Europe, European Union). Still, Slovak politicians fear that Hungarians would like to secede or at least claim autonomy. This fear is reflected also in the foreign policy of Slovakia (see the case of Kosovo) as well as in its behaviour in international organisations (Slovakia refused to accept the concept of the collective rights of minorities as discussed in the Council of Europe).

Institutional issues: negotiations on and ratification of the Lisbon Treaty

Regarding the size of the Commission, Slovakia was very much for the maintaining of the „one country one Commissioner” principle. Along with other countries, Slovakia opposed to establish the post of a permanent chairman of the European Council and supported the system of a rotating Presidency at this level too. Slovakia, however, supported the creation of the function of a High Representative for Foreign Policy.

¹²⁶ Bartovic (2009), p. 29.

¹²⁷ According to presumptions, there are 380 000 Roma citizens in Slovakia, which would represent round 7% of inhabitants. (Bartovic, 2009, p. 15.)

While the final text of the EU Constitution signed in October 2004 assured Slovakia of the continued possibility to veto in tax policy and in defence matters, in other areas of policy-making where Slovakia wished to preserve its sovereignty – such as social policy, criminal law and judicial and police cooperation – the Treaty weakened the principle of unanimity and opened possibilities for qualified majority voting.¹²⁸

There was no special debate on the issue of voting in the Council. The Slovak government supported the extended qualified majority voting in all the areas envisaged in the Lisbon Treaty. On the other hand, in the future, Slovakia would probably not support further extension of QMV (especially as regards the area of ESDP or tax harmonisation).

Currently, Slovakia has seven votes in the EU Council. The new qualified majority voting system (double majority) will not change the voting power of Slovakia in the EU Council significantly. In the present EP Slovakia has 13 members while in the first elections to the European Parliament 14 MEPs were elected (because of the later accession of Bulgaria and Romania).

As far as the European Parliament is concerned, Slovakia has always preferred the increased role of the Parliament and co-decision as a regular legislative procedure in the EU.

Slovakia's parliament approved the EU Constitution with a decisive majority of 116 out of the total of 150 MPs on 11 May 2005, even though the major elements of Slovakia's official position for the IGC did not appear in the final text of the EU Constitution. Slovakia was the eighth country to ratify the Lisbon Treaty as deputies approved the text by a margin of 103 votes in favour, in April 2008.¹²⁹

Status of the Charter of Fundamental Rights

The Slovak government supports the legally binding Charter of Fundamental Rights. Only the Christian Democrats (KDH) had problems with the Charter. In their case it was the main reason for their refusal of the Lisbon Treaty. KDH feared that the Charter would reduce Slovak sovereignty in several areas, such as social and cultural rights issues, family law, or protection against discrimination.

Representation in EU institutions

Slovakia is relatively underrepresented in the EU institutions, after accession it was able to fill up its administrative quota only slowly (up to 70% in 2007). In 2008, the number of Slovak citizens working in EU institutions exceeded 600 (of whom half were working in the European Commission). If the current trend is maintained, Slovakia should reach its quota of 279 permanent employees by 2010.

¹²⁸ Bilčík, Vladimír –Világi, Aneta (2007): Slovakia and the Limits of European Integration, Slovak Foreign Policy Association, p. 29. <http://www.sfpa.sk/dokumenty/publikacie/173>

¹²⁹ <http://www.euractiv.com/en/future-eu/slovakia-poland-ratify-lisbon-treaty/article-171547>

At present, there are no problems filling positions in general, however, filling middle and higher management positions seems to be more difficult.

Interests, positions and influence in some key policy areas

Common Agricultural Policy

The policy review of the CAP (Health Check) is one of the few issues related to the EU where Slovakia is likely to make its voice heard in the near future. This is due to the fact that transfers in the framework of the CAP constitute a significant part of Slovak revenues from the EU budget and agricultural lobbyists are very active in asserting their interests in government circles. The Ministry of Agriculture prepared a very detailed position with some crucial disagreements with the Commission proposal.¹³⁰

There is one overwhelming priority for Slovakia in CAP: supporting instruments that would provide the highest income from the EU budget for the country. The government has two main priorities: preservation of the Single Area Payment Scheme (SAPS) for new EU Member States until 2013, and disapproval of the Commission proposal on progressive modulation. Slovakia is in favour of the “flat rate model” instead of the current historic model for Single Farm Payment, which would in future be more beneficial for Slovakia.¹³¹ The Slovak positions were different from the Commission proposal on many concrete issues, such as milk quotas, intervention mechanism for wheat, etc.

The Slovak government succeeded with the preservation of SAPS and also with changing the Commission proposal for progressive modulation of payments.¹³² However, Slovakia voted against the compromise version of the CAP Health Check because of the preservation of the differences in amount of payments between new and old EU Member States.

Budget

The Slovak government has decided to support those expenditure items of the EU budget that have the biggest added value for Slovakia. The biggest priority for the Slovak government is to keep the funds allocated to structural and Cohesion Policy at least at 35% of the EU budget. The government also supports an increase of the allocations for the following policies: energy security, EU2020 Strategy, education (Lifelong Learning Programme and Youth in Action), second pillar of CAP, new challenges (climate change, bio energy, water management, biodiversity), asylum and immigration (European Fund for Refugees, European Return Fund), police cooperation and CFSP and also for Pre-accession Funds and Neighbourhood Policy funds. Slovakia would like to decrease or at least stabilise the percentage of administrative expenditures and stresses that CAP first pillar funds should be primarily used for increasing the competitiveness of the agriculture sector of EU Member States.

¹³⁰ Bartovic (2007), p. 25.

¹³¹ Bartovic (2007), p. 25.

¹³² For farms receiving more than EUR 300 000 from 45% to only 4%, and abolishing the progressive modulation for farms receiving between EUR 100 000 and 300 000.

On the income side of the budget, Slovakia supports the GNI source and own resources of the EU budget, while due to the complicated system, would favour the abolishment of the VAT source. The government is against the creation of an EU tax, because this could lead to the harmonisation of taxation in the EU. Government also disagrees with any compensation mechanism such as the British rebate because they represent non-equal treatment of Member States. Slovakia thinks that the amendments should be implemented as from 2014, but is prepared to accept smaller changes already under the current financial perspective.¹³³

Internal Market

Slovakia was one of the main promoters of the free movement of workers in the EU. Before accession to the EU, the government decided not to apply any restrictions towards workers from other EU countries from the date of entry. The same position was maintained with the accession of Bulgaria and Romania in 2007. Slovakia, as the country with one of the highest unemployment rates in the EU at the time, profited a lot from free movement of workers. At the end of 2006 more than 220 000 Slovaks were working in another country, which represents around 9.8% of Slovak employees. Thus the free movement of workers in the EU contributed crucially to the decrease in the registered unemployment rate in Slovakia: from 15.3% in April 2004 to 7.4% in April 2008. The Czech Republic has traditionally been a popular working destination for Slovaks because there is no language barrier but there have been other favourite destinations too, such as Great Britain and Ireland. Actually only Germany and Austria apply transitional periods towards workers from the EU10. But the global economic crisis has brought many Slovaks home and the figures show that migration back to Slovakia is continuing at a high pace. The Slovak Statistics Office put the number of Slovaks working abroad at 124,600 in the second quarter of 2009, accounting for 5.2% of the total Slovak workforce.¹³⁴

Slovakia has been active during the negotiations on the current Services Directive and with a few exceptions (services which imply the execution of “state powers”, such as notaries and executors, hazard, and postal services, which is narrower than the services of “general interest”) supported the Commission proposal. Although there were concerns on the principle of the country of origin, the official governmental position was positive. However, the country of origin principle was not so important for Slovakia: the government did not join the initiative of the Czech Republic, Poland, Hungary, Spain, the Netherlands and Great Britain to preserve the strong country of origin principle.¹³⁵

Slovakia has been struggling especially with some of the older Member States for a fuller and smoother access to the EU’s Single Market. The government successfully achieved Slovakia’s

¹³³ http://ec.europa.eu/budget/reform/library/contributions/pgs/20080414_PGS_34_en.pdf

¹³⁴ http://spectator.sme.sk/articles/view/36917/19/ever_more_slovaks_return_some_with_new_skills.html

¹³⁵ Bartovic (2009), p. 12.

integration into the Schengen area that covers EU states without passport controls. Slovakia together with other post-communist EU countries (apart from Romania and Bulgaria) entered the Schengen zone on 21 December 2007.

Slovakia's membership in Schengen was by no means automatic, however. Still in October 2007 an internal report of the Council pointed to several serious shortcomings in new Member States' preparations for Schengen. Bratislava's biggest problem was the security of its future EU external border with the Ukraine. Slovakia took important steps toward enhancing the security of its Eastern border. The Commission's report to the Justice and Home Affairs Council on 8-9 November produced promising conclusions on the prospects of Schengen enlargement. Slovakia struggled most to convince neighbouring Austria of its readiness to accept Schengen obligations. Austria's politicians expressed repeatedly significant doubts about Slovakia's potential capabilities inside Schengen.¹³⁶

One of the major successes of Slovakia was the accession to the Eurozone after four and a half years of EU membership. In early 2008 many sceptics and critics especially from the European Commission questioned Slovakia's sustainable ability to deliver upon the Maastricht criteria.¹³⁷ The fight between Slovakia's officials and the Commission was resolved on 7 May 2008 when the Commission recommended the adoption of the euro in Slovakia on 1 January 2009. Slovakia thus became the second country from the region after Slovenia to join the Monetary Union.

Energy/climate

Slovakia considers energy/climate change issues as being among the most important issues on the EU agenda nowadays. As a country which is extremely dependent on the import of every kind of energy (since 2007 Slovakia also lost its self-sufficiency in electricity production), especially oil and gas from practically one single source (Russia), the government supports joint efforts which would increase EU energy security. On the other hand, the government is aware of the necessity of taking immediate action against global climate change. However, more attention is paid to energy.

Slovakia's one notable policy initiative inside the EU came in the area of energy security. Together with the Czech Republic Slovakia initiated the founding of the European Nuclear Energy Forum whose task is to foster regular discussion on the use of nuclear energy in the EU. The first meeting of this forum took place in Bratislava on 26-27 November 2007. The participants discussed possibilities for EU legislative and regulatory framework for simplifying administration and permits for constructing new nuclear energy sources. Prime Minister Fico highlighted the country's interest by stating that *"the Slovak government is keen to carry on constructing nuclear power plants."*¹³⁸ Slovakia is keen to reverse the consequences of its pre-accession pledge to close down the Soviet-

¹³⁶ Malová, Darina – Bilcik, Vladimir (2009): Research Paper on Foreign Policy Strategies of New EU Member States, Working draft, p. 5.

¹³⁷ Malová – Bilcik (2009a)

¹³⁸ http://ec.europa.eu/energy/nuclear/forum/bratislava_prague/2007_11_26/index_en.htm

type nuclear power plant in Jaslovske Bohunice.¹³⁹ The country's Strategy on energy security adopted in 2007 declares that in addition to finishing two blocks of a nuclear power plant in Mochovce, Slovakia intends to build a new nuclear power plant on the site of the nuclear power plant in Jaslovske Bohunice whose definitive closure in 2010 will highlight Slovakia's new position of a net importer of electricity.

Already at the spring EU summit in 2007 Slovakia joined the group of EU Member States led by France that pushed for including the nuclear energy among "clean" energy sources (as it does not produce CO2 emissions). Such emphasis is in accordance with the existing energy strategy of the Slovak Republic. It projects a gradual transition to nuclear fuel, gas and renewable fuels as the main energy sources until 2030.

Area of freedom, security and justice

Slovakia has usually supported most of the proposed developments towards further cooperation among Member States and towards "communitarisation" of the third pillar. So far, the government does not have a clear vision about the future of justice and home affairs cooperation, and its policy depends on concrete proposals.

Slovakia supported the creation of the Common European Asylum System and has already implemented both the qualification and procedural Directives. Slovakia supported the French proposal of the Pact for Asylum and Migration from the very first moment. The government welcomes the creation of European Asylum Support Office, but underlines that the Office shall be a coordination body without decisive powers in asylum procedures. The Slovak government also supports the idea of Blue Cards but stresses that the transition periods for free movement of workers from new Member States have to be lifted first. The workers from non-EU states cannot have more rights than EU citizens.¹⁴⁰

Crisis-management in the EU framework

The economic crisis has hit Slovakia harder than market watchers and state officials had been expecting. Rosy predictions have disappeared as both Slovakia's industrial giants and the state budget shift gears had to meet the crisis.¹⁴¹ GDP fell nearly 5% in 2009 and unemployment rose above 12%, as the global recession impacted many segments of the economy. The joining of the Eurozone on 1 January 2009 had caused positive and negative implications for Slovakia. The euro makes international commerce for Slovakia easier and more transparent, and what is more, at the times of a deepening financial and economic crisis in the world, the euro has become Slovakia's protection against problems that are afflicting other Eastern European nations, for example,

¹³⁹ Malová – Bilcik (2009a), p. 10.

¹⁴⁰ Bartovic (2009), p. 35.

¹⁴¹ Slovakia enters economic 'crisis mode', The Slovak Spectator, 2009, February 2.

Hungary, such as rising interests and inflation. At the same time, however, the appreciation of the euro to other regional currencies deteriorated the competitiveness of the Slovakian economy substantially. Recently, however, economies in the CEE region are expected to grow – an average GDP growth of 2.8% in 2010 and 3.4% next year, according to the latest IMF World Economic Outlook – and Slovakia is supposed to rise the most, namely by 4.1% this year (which is the highest within Central Europe and the Eurozone) and by 4.5% in 2011.

Slovak reactions to the Greek crisis

As a new Eurozone member, Prime Minister Robert Fico said Bratislava would only vote on a financial aid for Greece after national elections in June, insisting that Athens must do its homework on spending cuts before receiving any Slovak cash.¹⁴² The European Commission then tried to reassure investors that the multi-billion euro loan package, approved in early May to help Greece tackle its debt problem, would be able to go ahead without the approval of every Eurozone Member State.¹⁴³ Shortly before a 7 May mini-summit of Eurozone leaders, Fico said he did not trust the Greeks and their austerity measures very much.

The majority of the Slovak media reported that every Slovak citizen would have to “give” the Greeks 150 euros. The media also cited Greece’s outrageously high social guarantees and legal retirement age of 53, information which was highly misleading. Little wonder, then, that Slovaks faced with their own socio-economic insecurities viewed the loan with suspicion. The elections due on 12 June will be a “referendum on Greece” said Iveta Radičová, leader of SDKÚ-DS, a party of Christian democrat affiliation.¹⁴⁴

Institutional set up of EU affairs

In Slovakia – based on ministerial responsibility – it is the government who carries out the duty of preparing national positions on and implementing of EU-related decisions. While the ministries and state authorities use different methods of managing EU issues within their competence, coordination has been provided for (in the Fico-cabinet) by the Ministerial Council for EU Affairs (founded on 14 December 2005) headed by a Deputy Prime Minister for European Affairs.¹⁴⁵

In Slovakia the parliamentary committee on EU affairs has rather strong prerogatives as provided for by the Constitution. After voicing an opinion on a given EU topic under negotiation, any member of the government “may divert from the position of this committee only in unavoidable case and with due consideration for the interest of the Slovak Republic”, and must of course “without delay inform the committee and explain the reason of it”.¹⁴⁶

¹⁴² EurActiv 04/05/10

¹⁴³ EurActiv 05/05/10

¹⁴⁴ EurActiv 21/05/10

¹⁴⁵ Malová, Darina – Bilcik, Vladimir (2009b): Us and them: Slovakia’s preference formation in the EU, Comenius University, p. 11.

http://www.fphil.uniba.sk/fileadmin/user_upload/editors/kpol/APVV/Preference_formation_in_the_EU_and_Slovakia.pdf

¹⁴⁶ http://www.ipex.eu/ipex/cms/home/Documents/dossier_COM20100053/pid/50468

The Permanent Representation of the Slovak Republic to the EU in Brussels plays a significant role in formulating and channelling Slovakia's position, but of course it cannot act on its own, it has to represent the official positions of the government.¹⁴⁷

Concluding remarks

Slovakia's main preference since its entry in May 2004 was reaching a genuine full-fledged membership status in the European Union. The country has been striving for properly fulfilling its obligations while also making the utmost benefits of membership. The successful entry into the Schengen zone and the Eurozone has been a major achievement, nevertheless, the latter also poses challenges in the context of the recent crisis of the single currency area.

In general, Bratislava has rather pursued a policy-taker stance, usually aligning itself with the majority view.¹⁴⁸ Slovakia is generally in favour of both gradual deepening and widening of the EU. Similarly to the mainstream, and especially the NMS, Slovakia supports further enlargement of the EU, and would like to see an efficient Union coupled with strong institutions. Slovakia can however be an opponent to some reform proposals, especially fiscal harmonisation.¹⁴⁹

¹⁴⁷ Malová – Bilcik (2009b)

¹⁴⁸ Malová – Bilcik (2009b), p. 1.

¹⁴⁹ Malová – Bilcik (2009b), p. 9.

Political leadership of Slovenia between May 2004 – May 2010		
Prime Minister	Period	Composition of the Government
Anton Rop (LDS)	December 2000 – December 2004	LDS, ZLSD, SLS, DeSUS
<i>Parliamentary elections</i>		
Janez Janša (SDS)	December 2004 – November 2008	SDS, NSi, SLS, DeSUS
<i>Parliamentary elections</i>		
Borut Pahor (SD)	November 2008 –	SD, Zares, DeSUS, LDS
<p style="text-align: right;">SDS = Slovene Democratic Party NSi = New Slovenia – Christian People’s Party SLS = Slovene People’s Party DeSUS = Democratic Party of Pensioners of Slovenia LDS = Liberal Democracy of Slovenia ZLSD = United List of Social Democrats SD = Social Democrats (former ZLSD) Zares = For Real, a centre-left social-liberal party</p>		

Source: Former Governments – Government of the Republic of Slovenia

http://www.vlada.si/en/about_the_government/former_governments/#c531

Interests, positions and influence in major political issues

Enlargement

Slovenia has always been one of the main supporters of further enlargement of the European Union, especially towards the ex-Yugoslav region. As far as the integration of the Western Balkans is concerned, Slovenia – except for the minority problem – is in a very similar situation to that of Hungary: this too, is an EU Member State which – by its geographic position, i.e. being on the highway of both mass migration and organised crime – is very much interested in the stabilisation of the countries of the region. Moreover, in all countries of the Western Balkans Slovenia has vast economic interests both as an exporter (with 15% of its exports going to the region) and as foreign

investor.¹⁵⁰ So, it is not at all surprising that the Slovene position on further enlargements is a positive one and in all Slovene official declarations the enlargement is given a particularly important place.¹⁵¹

Ljubljana had already long emphasised its support for the reform process in Macedonia and its interest in this country's getting an earliest concrete date for starting accession negotiations. At the same time, it also considers important that Serbia could take part as soon as possible in European integration, for, without Belgrade, there is neither stability nor long-term development in the region.

Since its Presidency in the first half of 2008, Slovenia has been asserting itself as a real decision-shaper in the area of enlargement. In discussions with other EU Member States, it has consistently argued that the stability and development of the Western Balkans and the extension of the area of peace, stability, prosperity, democracy, human rights and the rule of law to this region is vital for Europe; hence an early integration of South Eastern European countries into EU structures is a common interest for all Member States. The success of this positive approach became already evident during the Slovene Presidency of the EU with concrete actions as liberalisation of the visa regime, completion of the network of Stabilisation and Association Agreements by finalising such agreements with Serbia and Bosnia and Herzegovina, and the resolution of issues surrounding the recognition of Kosovo.¹⁵² All these successes justified the inclusion of the integration of the Western Balkans into the Slovene Presidency priorities.¹⁵³

In the case of resolving the Kosovo issue, Slovenia proved to be a genuine agenda-setter Member State. The policy concerning the recognition of Kosovo was being determined largely by three factors: historical adherence to Kosovo, geographical closeness to and tight economic links with Serbia, and Slovenia's role stemming from EU Presidency. The first factor spurred Ljubljana on to recognition of Kosovo and found shape in the implicit acceptance of the Ahtisaari Plan. The second one pushed it towards a more conservative stance and doing its best in order to promote Serbia's EU integration process. The third one inspired it to take a neutral approach and concentrate its efforts to strive for a common European position on Kosovo.¹⁵⁴ In line with this complicated position and successfully combining the numerous roles in the EU and domestic area, Ljubljana first consolidated at home the political and economic actors which were frightened of defying Serbia, while struggling

¹⁵⁰ Szilágyi, Imre (2008a): A szlovén EU-elnökség Nyugat-Balkán politikája (The Policy of the Slovene Presidency of EU Council on Western Balkans), MKI Tanulmányok (Hungarian Institute of International Affairs, Studies), T-2008/32.

<http://www.kulugyiintezet.hu/letoltes.php?letolt=10044>

¹⁵¹ Ministry of Foreign Affairs: Slovenia and the European Union. http://www.mzz.gov.si/en/foreign_policy/slovenia_and_the_european_union/

¹⁵² EU-Consent (2008): EU-27 Watch No.7 – Edited by the Institute for European Politics (IEP), Berlin ISSN 1610-6458. http://www.eu-consent.net/library/eu25watch/EU-27_Watch_No7.pdf

¹⁵³ Slovenian Presidency of the EU 2008: Confirmation of the European perspective of the Western Balkans and the European Neighbourhood Policy. http://www.eu2008.si/en/News_and_Documents/Press_Releases/June/0630SVEZdosezki.html

¹⁵⁴ Somai, Miklós (2008): Szlovénia (Slovenia) In: Túry, Gábor – Vida, Krisztina (szerk.) Monitoring jelentés 2008 – az Európai Unióhoz 2004-2007-ben csatlakozott Tízek teljesítményéről (Monitoring Report 2008), MTA VKI, Budapest, 2008. http://www.vki.hu/rendszeres_kiadvanyok.shtm

to reach a common understanding on the issue at EU level. Finally it decided to support Kosovo independence but opted to do this by recognising Pristina only in the so-called second wave of countries.

The agenda-setter role of Slovenia has somewhat been modified by its behaviour towards Croatia in the context of the accession negotiations of the latter. While Ljubljana supports the membership of Croatia (as well as that of Turkey) beyond doubt – having e.g. opened several new negotiating chapters during its EU Presidency – there are some unresolved problems which could (and actually do) counteract the quick integration of Zagreb. One such unresolved issue is the problem of Slovene-Croatian borders. From the Slovene point of view, this problem can be summarised as follows. The starting point is the situation which prevailed at the day of independence – the same 25 June 1991 for both countries – and which was inherited from the Yugoslavian era. The two countries agreed that this legacy would ever be respected until a new border agreement is concluded. Unfortunately, when the accession negotiation process with Croatia reached a point where Zagreb had to put forward some maps in the annexes to its papers, for the Slovene government it became evident that with the documents submitted Croatia prejudged the Croatian-Slovene border. The proper answer could not be but blocking the accession process with Croatia.¹⁵⁵

Even if we know that there is a recent agreement between the two Prime Ministers concerning borders – which happens to be the third one since 2001, and the two formers having never entered into force – the latest developments with the blockage show that in spite of its geopolitical and economic interests, even in the enlargement policy area Slovenia can take the role of a veto player, i.e. the one of a country that actively opposes the policy in question, if its perceived interest is at stake.¹⁵⁶ As for the facts about the above mentioned agreement – called “Arbitration Agreement” –, it was signed by the Slovene and Croatian Prime Ministers on 4 November 2009 in Stockholm. It brings a peaceful solution to the now almost 20-year-old border dispute between the two countries by establishing a five-member arbitration court that would make a final decision on borders. The agreement has already been ratified by the parliaments of both countries and is waiting for being submitted to a binding referendum to be held in Slovenia on 6 June 2010.¹⁵⁷

ENP Eastern dimension

Slovenia is not a decision-shaper in the area of European Neighbourhood Policy. It is much less active in formulating its own viewpoint about the Eastern dimension of the ENP than in promoting the EU

¹⁵⁵ Szilágyi (2008a)

¹⁵⁶ Boljka, Urban (2009): Slovenia – The EU New Member States as Agenda Setters in the Enlarged European Union, European Policies Initiative–Open Society Institute, Sofia, 2009.

http://eupi.osi.bg/fce/001/0070/files/SloveniaCountryReport_OSI-Sofia_EuPI_April2009_.pdf

¹⁵⁷ Government of the Republic of Slovenia – Press Releases: Arbitration agreement between Slovenia. http://www.vlada.si/en/news/press_releases/press_release/article/25/9197/Obdcfbb98f/ and Croatia ratified and Referendum on Arbitration Agreement on 6 June. http://www.vlada.si/en/news/press_releases/press_release/article/25/9461/8cbe3a8673/?tx_ttnews%5Byear%5D=2010&tx_ttnews%5Bmonth%5D=05

enlargement towards the Western Balkans. There is no parliamentary or public debate on this topic; practically the only information one can find about this issue consists of a formal government position exposed in the “Declaration on activities of the Republic of Slovenia in the institutions of the European Union in the period July 2008 – December 2009”.¹⁵⁸ From the Declaration one can learn that *“Slovenia will continue its endeavours towards enhancing the European Neighbourhood Policy with partner countries and will, in particular, encourage its Eastern dimension.”*

Apart from this, there is no noticeable development regarding the position of Slovenia in ENP Eastern dimension. It seems that the whole ENP is somewhat in the shadow compared to Slovenia’s larger interests concerning the Western Balkans. The only exception is the support Ljubljana is providing to the Euro-Mediterranean Partnership (EMP), namely by having established the Euro-Mediterranean University in Piran, at the end of its EU Presidency in 2008.

European Security and Defence Policy

Slovenia became a member of NATO at practically the same time as of the EU. While Ljubljana sees NATO and the European Security and Defence Policy as complementary institutions, there is no doubt about which of the two it considers being the more important. Slovenia gives a strong support for ESDP only as long as it does not duplicate the NATO structures. Out of the staff of 512 persons Slovenia deployed in the framework of international operations and missions at the end of 2009 only 26 were involved in EU missions. Even if Slovenia declares NATO as a top priority, due to its limited defence capability (the active component consisting of 7644 persons in January 2010), it can have but a rather small contribution to the operations led by NATO. Today, the main efforts of the Slovene army are concentrated in Afghanistan (69) and Kosovo (395), while troops are also present in Bosnia and Herzegovina, Iraq, Lebanon, Chad and Syria.¹⁵⁹

While supporting further development of ESDP – by continuing the active participation in its institutions and operations, supporting further development of its military and civil capacities, and participating in ensuring civil military coordination – detailed comments on ESDP issues are practically absent from Slovene political and public debates or political commentaries in the media.¹⁶⁰ Slovenia can surely be considered as a decision-taker in this issue.

Minority rights

Slovenia is clearly a decision-taker – and not a very enthusiastic one – in the field of minority integration and citizenship issues. Nevertheless, on the surface, it seems to do a lot on the legislative

¹⁵⁸ Government Office for Development and European Affairs (SVREZ)(web-1): Declaration on activities of the Republic of Slovenia in the institutions of the European Union in the period July 2008-December 2009. http://www.svrez.gov.si/fileadmin/svez.gov.si/pageuploads/docs/koordinacija_evropskih_zadev/deklaracija_17.07.08_EN_cleanup.pdf

¹⁵⁹ Ministry of Defence: Slovenian Armed Forces: International operations and missions. <http://www.slovenskavojska.si/en/international-cooperation/international-operations-and-missions/>

¹⁶⁰ Ministry of Foreign Affairs (MFA): European Security and Defence Policy. http://www.mzz.gov.si/en/foreign_policy/slovenia_and_the_european_union/european_security_and_defence_policy/

level by formulating action plans and even new acts for the Roma minority, or trying to solve the problem of the “Erased”.

Slovenia has a relatively small Roma community (estimates run from 7 to 10 thousands) having still to face – as in most European countries, both in the East and the West – stereotypes, social exclusion and intolerance. Even if there are a lot of policies and instruments at European level (e.g. the EU Charter of Fundamental Rights or the European Convention on Human Rights) all advocating economic and social integration of the Roma, and although Slovenia follows these policies and instruments as well as its own legal framework which enables it to take protective and “positive discrimination” measures, the Roma issue is not a high priority in the country.

There is no available official position on the emerging European Roma Strategy, and the Roma community is not even mentioned in the strategic documents and declarations on activities of Slovenia in EU institutions. The unwillingness to put the Roma issue on the EU agenda became evident when, during the Slovene Presidency, an idea of organising the first global conference on the Roma problematic failed (on the pretext of not wanting to change the “inherited” 18-months trio agenda) after having been heavily debated within the National Assembly.¹⁶¹

The Roma community, by the Slovene Constitution, does not enjoy the same rights as do the two largest ethnic groups (Italians and Hungarians), acknowledged as national minorities, but is only recognised as a special community with special ethnic characteristics, having its own language, culture, etc. Even in the recently adopted Roma Community in the Republic of Slovenia Act – which provides for systematic regulation and definition of the responsibilities of state institutions and local governments regarding the implementation of special rights of the Roma – links this special status of the Roma community to its successful integration into the Slovene society.¹⁶²

Another unresolved problem is that of the so-called “Erased”. They are residents of Slovenia – to this day about 18 thousands by number – originating from former Yugoslav republics whose names and personal data, as a consequence of their non-respect of a deadline for applying for Slovene citizenship set by a 1991 act, were erased in 1992 from all registers and transferred to that one of people with no legal status in the country. The chain of subsequent events consists of a decision of the Slovene Constitutional Court, in 1998, stating that the erasure was in fact an act of discrimination; followed by a government-sponsored act, in 2003, aiming at reinstating the permanent residence status of the Erased; rejected by a referendum mirroring the will of nearly 95% of the voters. While the majority of both politicians and people in Slovenia are convinced that the erasure is perfectly all right – for they think the Erased did not apply for citizenship because of

¹⁶¹ Boljka (2009)

¹⁶² Klopčič, Vera (2007): Legal Protection of Roma in Slovenia – Treatises and Documents, Ljubljana, 2007, No.52. <http://www2.arnes.si/~ljin16/RIG/RIG%2052/klopcc.pdf>

hostility against the young Slovene state and nostalgia and hope for a revival of the former Yugoslavia – the constitutional debate is going on and the case has not yet been decided upon.¹⁶³

Institutional issues: negotiations on and ratification of the Lisbon Treaty

The Slovene position vis-à-vis the Lisbon Treaty has always been a so-called “non-problematic” one. The same was true for its predecessor, the Constitutional Treaty which had been ratified by Slovenia as the third country among the EU Member States. This attitude can be explained by the virtual non-existence of euroscepticism within the politico-economic elite as well as the public. There was no referendum held on the Constitutional Treaty because, as the government argued, the accession referendum of 2003 (with almost 90% support) had already shown the Slovene people’s devotion to EU integration. The same logic prevailed at the time of the ratification of the Lisbon Treaty – since not much has changed for Slovenia in the new Treaty, except for the one extra seat gained in the European Parliament – and the National Assembly was the fifth within the EU to adopt the document.¹⁶⁴ The attitudes towards the Lisbon Treaty were thus similar to the attitude towards its predecessor: the political parties shared the view the Treaty was ensuring Slovenia a favourable institutional position, hence a good starting point for attaining its ambitions.¹⁶⁵

During the negotiations on the Lisbon Treaty Slovenia’s positions were predetermined by some characteristic features of it – being a new and small Member State which had already ratified the initial Constitutional Treaty. So, it is not surprising if it had been striving for the preservation of institutional and functional achievements of the Constitutional Treaty to the greatest possible extent. Now as well as before, Ljubljana is in favour of strengthening the supra-national character of EU policies, extending qualified majority voting that makes decision-making in the EU Council more efficient, as well as establishing the European External Action Service. Ljubljana is pleased to see a stronger European Commission with a stronger executive role and a stronger European Parliament.¹⁶⁶

Interests, positions and influence in some key policy areas

¹⁶³ Szilágyi, Imre (2008b): Szlovénia a tranzíció különös esete, a 2008-as választások tükrében (Slovenia, the special case of transition – in the light of the general elections of 2008) – MKI Tanulmányok (Hungarian Institute of International Affairs, Studies) T-2008/28. <http://www.kulugyiintezet.hu/letoltes.php?letolt=10048>

¹⁶⁴ Interestingly, at the beginning of the ratification process, an opinion poll conducted by a British think-tank indicated that the share of Slovenians who wanted referendum on the Lisbon Treaty was the lowest among the Member States. The supportive votes (55%), however, even in Slovenia, clearly exceeded the votes against (40%). Source: Open Europe: Poll on the future of Europe: Main findings report. <http://www.openeurope.org.uk/research/mainfindings.pdf>

¹⁶⁵ Klemencic, Manja (2008): A Star pupil playing it safe in the EU – An inside view of the first Slovenian EU Council Presidency, January-June 2008, Notre-Europe. http://www.notre-europe.eu/uploads/tx_publication/Etud61-MKlemencic-SlovenianPresidency-en.pdf

¹⁶⁶ Government Office for Development and European Affairs (SVREZ) (web-2): Lisbon Treaty – The Treaty on the EU and the Treaty on the Functioning of the EU. http://www.svrez.gov.si/en/highlights/lisbon_treaty/

Common Agricultural Policy

The Slovene agricultural sector is of limited importance for the national economy and its relative weight – as everywhere in the world – is decreasing. In the middle of the first decade of the 21st century, its contribution to the total value of agricultural output of the EU was a mere 0.31%, which in itself confines Slovenia to a genuine decision-taker role. Moreover, the agricultural issue does not seem to be a hot topic in domestic debates, nor was it a priority of the Slovene Presidency. Even the so-called Health Check, the new reform of the Common Agricultural Policy (CAP), did not attract too much political or public attention. All this does not mean that the protagonists of the sector or the Slovene government would not be able at some time to table a paper or to present their views on the future of the CAP.

In Slovenia, the agriculture is characterised by unfavourable natural and structural conditions (high share of sloping plots), which explained Ljubljana's relatively protectionist agricultural policy before accession. Membership in the EU and the consequent opening of agricultural markets intensified the effects of globalisation and brought about much more competition.¹⁶⁷ The farming organisations believe that any radical reform of the CAP involving a substantial reduction of subsidies would be detrimental to the Slovene agriculture, as well as to those in all other Member States. The agricultural chamber is of the view that Slovenia should not advocate such a reform as long as the sector provides the country with a net beneficiary position of EU funds.¹⁶⁸

As for the official position of Slovenia, the overall impression – gathered from media interviews with ministry executives – is that Slovenia supports the CAP reform to be a gradual rather than a radical process. In papers, however, intended to be read by EU partners, the Slovene government goes much further in that it does not exclude the possibility of a partial re-nationalisation of direct payments. This standpoint – which takes Slovenia a bit away from the pro-CAP camp of the EU consisting of most of the new Member States and some of the old ones (such as France, Ireland, Greece) – is, however, toned down by a condition which would be difficult to enforce: that in each Member State sufficient funds are earmarked for direct payments. As if co-financing of these payments could be made obligatory.

Another desperate claim concerns the possible change of the unfair character of direct payments, representing a typically new Member State approach of the CAP. According to Ljubljana, direct payments should be made more uniform, thereby eliminating the current differences stemming from the historic basis of the payments and leading to distortion of competition.

¹⁶⁷ Kajnc, Sabina (2009): The vertical dimension: Effects of accession on the new Member States – Effects of EU enlargement: Slovenia, in Avery, Graham – Faber, Anne – Schmidt, Anne: Enlarging the European Union: Effects on the new Member States and the EU, Trans European Policy Studies Association (TEPSA) 2009 Brussels. <http://www.tepsa.be/Enlarging%20the%20European%20Union.pdf>

¹⁶⁸ EU-Consent (2008)

In order to definitely confuse all who want to find out whether Slovenia is for or against the continuation of the CAP, its government supports a further strengthening of the second pillar, considering rural development as a “modern, target-oriented policy”, which is an old claim of the Member States with extremely liberal economic policy (like the UK or the Netherlands). This claim is softened, too, by a “sub-claim” for transferring the non-agricultural measures of the rural development policy (e.g. a support for the establishment and development of micro-enterprises; building broad-band connections; the Leader Initiative) to Cohesion Policy.¹⁶⁹

Budget

Based on a paper of late 2007 – presented by an ad hoc group (a so-called Reform Task Force) which had been established under the auspices of the Government Office for Development and European Affairs, led by an academic professor and consisted of administrative staff as well as scientists – Slovenia expressed its views on the EU budget reform in July 2009.¹⁷⁰ In this “non paper” the Slovene government supports a comprehensive and thorough reform of the common budget considering that its current features no longer harmonise with the main objectives of the European Union (like Sustainable Development Strategy, Lisbon Strategy or low-carbon society). Slovenia supports a more development-oriented EU budget which would better face new challenges, related to globalisation, increasing energy needs and climate change issues. By Ljubljana, this new orientation cannot be achieved solely by increasing the expenditure of sub-heading 1A (Competitiveness); the EU budget needs to provide stronger support to all expenditure under Heading 2 (Natural resources) and Heading 3 (security, freedom, justice and citizenship), being able to improve the quality of life, security and general well-being of EU citizens, not speaking of Heading 1B (Cohesion) which, for the Slovenes, plays a primary role in ensuring harmonious development and successful functioning of the EU.

Slovenia pleads for a simplification of the financing system by abolishing the VAT-based resource while maintaining the traditional own resources and the GNI-based source. Ljubljana does not see convincing arguments for the introduction of any genuine tax resource, but remains open for future discussion about it. Regarding the revenue side of the budget, Slovenia put forward a proposal, a sort of innovative solution. First, Slovenia is against all correction mechanism, but if this ambition proved to be impracticable, a new “ex-ante” correction mechanism should be examined. *“This new mechanism would imply that multiannual financial negotiations are carried out in three phases. In the first phase, Member States would agree on such “target net financial positions” that they would consider fair. In the second phase, Member States, assured regarding their net payments, would discuss and agree on EU policy expenditure. With this agreement, a multiannual financial framework would be established, pursuant to which “spontaneous net financial positions” of individual Member*

¹⁶⁹ Government Office for Development and European Affairs (SVREZ) (2009): Slovenia’s view on EU budget reform – Non-paper.

http://www.svrez.gov.si/fileadmin/svez.gov.si/pageuploads/docs/pregled_proracuna_EU/EU_Budget_Reform_SI_non-paper.pdf

¹⁷⁰ Government Office for Development and European Affairs (SVREZ) (2009)

States could be calculated, using agreed methodology. These would probably differ greatly from their “target net financial positions”. In the third and final phase (due to its content also a technical phase), “spontaneous net financial positions” would be aligned with the “target net financial positions” through an automatic fiscal transfer mechanism.”¹⁷¹ Through the above mechanism, which for Ljubljana represents a realistic approach, discussion on the expenditure side of the EU budget would be liberated from Member States’ aspirations for maintaining their net financial flows.

Crisis management in the EU framework

The financial and economic crisis reached this small and extremely open to world markets country in the 4th quarter of 2008, putting an end on a more than 16-year-old economic growth based on investment and export. The Slovene government began addressing the crisis at its early stage. As the crisis first paralysed the credit markets the first wave of measures were of preventive nature and aimed at stabilising the financial system and ensuring bank liquidity in order to provide means to businesses for their everyday operation.

The initial crisis management treatments were followed by two waves of budgetary stimulus measures in late 2008 and early 2009 aiming at safeguarding enterprises and jobs, enhancing financial liquidity, mitigating the impact of the crisis on business, increasing education and R&D expenditure as well as working capital of endangered industrial sectors, improving labour market, life-long learning and social security, not speaking of measures related to infrastructure, energy and environment. All these measures have been prepared on the basis of comparative studies examining the experiences of other EU Member States, particularly those of Slovenia’s most important trading partners. These measures are also fully in line with Commission recommendations, be them for helping banks and financial institutions or others aiming at boosting economic activities.¹⁷²

Presently, when the crisis is easing, the Slovene government is about to unveil plans for medium and long run comprising not only ad hoc economic measures but also comprehensive structural reforms (refocusing of budget expenditure, modernisation of the pension system, changes in social expenditure, etc.). Both the document “Structural Adjustments in 2010 and 2011” and “Slovene Exit Strategy Paper” consist of measures harmonising with European policies: they are aiming at promoting research, knowledge and innovation, enhancing competitiveness and innovativeness of enterprises, developing the employability of working force, transiting towards a low-carbon society, etc. As for the Exit Strategy, it has been conceived as a mixture of economic policy measures and structural changes focusing on maintaining fiscal sustainability while easing social conditions of the most vulnerable, but also strengthening the competitiveness of the economy and simplifying the creation of new jobs. It seems that the Slovenians adopted the Danish *flexicurity* model as a best practice in the context of the labour market.

¹⁷¹ Government Office for Development and European Affairs (SVREZ) (2009)

¹⁷² Government: Tackling the crisis. http://www.vlada.si/en/projects/tackling_the_crisis/

If the exit strategy is in general almost fully compatible with the European Economic Recovery Plan (EERP), there is a point where Ljubljana is not so much hanging on Brussels recommendations: total budgetary support amounted to almost 5% of GDP in 2009 which was much beyond EU average of 2.7% and EERP-recommendation of 1.2% as fiscal stimulus from national budgets. But the Slovenes argue the scale of packages for overcoming the crisis differs from country to country in accordance with their various individual circumstances.¹⁷³ And Slovenia, even if having experienced a quick rising of its public debt lately, its debt ratio (32.5%) is less than half of that of the EU average (approximately 80%).¹⁷⁴

Institutional set up for EU affairs

Coordination of most of the EU affairs is assigned to a cabinet office, the so-called Government Office for Development and European Affairs (GODEA) which was formed in December 2008 by the merging of two previously existing offices – the Government Office for Development and the Government Office for European Affairs. It coordinates the activities of Slovenia and its representatives in the bodies of the European Union related to all areas except foreign policy and defence.¹⁷⁵ For the coordination in the latter areas there is a separate department (the European Department) within the Ministry of Foreign Affairs tasked with strengthening and developing bilateral and multinational relations with European countries.¹⁷⁶ As far as the National Assembly is concerned, it participates in the formulation of positions of Slovenia in relation the EU affairs which by their subject matter would fall within its competence in accordance with the Constitution and laws.¹⁷⁷ As the President of the Republic, directly elected by universal suffrage for a five years term, is only entrusted with limited power by the Constitution and in practice has a ceremonial position, he has no real influence on the country's EU policy.¹⁷⁸

Concluding remarks

Compared to its population, economic size, political strength, its capacity as a new and, for the common budget, net recipient Member State of the European Union – so, doomed to content itself with the role of a decision-taker – Slovenia has become a fully recognised and organic element of European integration. Apart from being the first among the new Member States to introduce the

¹⁷³ Government: Slovenian Exit Strategy 2010-2013. http://www.vlada.si/fileadmin/dokumenti/si/projekti/Protikrizni_ukrepi/izhod_iz_krize/SI_exit_strategy.pdf

¹⁷⁴ Government: Report on the implementation of anti-crisis measures. http://www.vlada.si/fileadmin/dokumenti/si/projekti/Protikrizni_ukrepi/Report_on_implementation_of_the_anti-crisis_measures.pdf

¹⁷⁵ Government: Office for Development and European Affairs. <http://www.svrez.gov.si/en/presentation/>

¹⁷⁶ Ministry of Foreign Affairs: European Department. http://www.mzz.gov.si/en/ministry_of_foreign_affairs/organisation/directorate_for_european_affairs_and_bilateral_political_relations/european_department/

¹⁷⁷ National Assembly: National Assembly and EU. <http://www.dz-rs.si/index.php?id=251>

¹⁷⁸ President Office. <http://www.up-rs.si/up-rs/uprs-eng.nsf/dokumentiweb/Zaposleni?OpenDocument>

euro (in 2007) and hold the Presidency of the EU (in the first half of 2008) – Ljubljana was able to successfully influence EU policies (e.g. issues regarding the Western Balkans) or even to transform itself into a veto player when its vital interests (e.g. its national borders) were at stake. It has – much more than any other new Member State – a clear post-accession strategy involving a future-oriented EU policy. Its EU image is undoubtedly positive and is, except for the CAP, interested in further deepening the integration rather than maintaining the status quo. Its coalition building technique is that of most other small members of the EU, namely an ad hoc one.



SUMMARY (KRISZTINA VIDA)

In this paper we introduced four categories of influencing EU affairs by a Member State, namely agenda-setters (innovative behaviour), decision-shapers (creative influence), decision-takers (passive approach) and decision-blockers (or veto players) reflecting a kind of rigidity in the name of defending national interests. We looked at the interests and influence of the NMS demonstrated in several EU policies in the past couple of years, and tried to identify the underlying motivations of their behaviour. Below we undertake to summarise our findings in the selected policy areas and to draw the main conclusions concerning the new Member States' attitude in the EU decision-making processes and thus to identify their overall impact on European integration.

Interests, positions and influence in major political issues

Enlargement

As regards enlargement and the Eastern dimension of European Neighbourhood Policy, it can be stated that all the ten examined countries are in favour of taking new members on board. Potential Turkish and Icelandic membership (although very different in nature, of course) are generally supported, without being in the centre of attention and discussion however. Here the only exception is Poland voicing some reservations vis-à-vis Turkish full membership. On the contrary, due to the geographic proximity, the NMS are mainly interested in the accession of the Western Balkan countries and, later on, of some of the Eastern European states as well. The general approach in the NMS is that any European country should be entitled to join, once it meets all the necessary criteria. The Union should keep its doors open and should always evaluate each candidate country according to its own merits (regatta approach). It is important to highlight that even though the NMS do have fears that the poorer newcomers might “channel away” some cohesion and agricultural subsidies from them, their interest in a more stable and secure neighbourhood seems to be just as important as their immediate financial interests.

Within this general approach to enlargement, there are of course many different nuances according to individual countries. The Baltic States seem to have no specific preferences for new members, but show a clear interest in reinforced cooperation within the Eastern Partnership. Due to historic reasons, and also due to their energy dependence, the top priority for them is a normal relationship with Russia for which their membership in the EU is the best vehicle. As regards the Visegrad countries the picture is quite diverse. Poland is the most supportive, as it would like to see in the EU one day all the countries which are presently between the EU and Russia: Ukraine, Belarus and Moldova, but also the republics in the Caucasus. From this group, Ukraine is the most important country for Poland because of geographical proximity, strong historical and economic ties. Given this background it is easily understandable that Warsaw took the lead in stepping up the Eastern dimension of ENP and proposing a tighter framework for cooperation between the EU and its Eastern

neighbours, namely the Eastern Partnership. In this topic Poland became a real agenda-setter country, although not alone. It successfully chose an old Member State as its coalition partner (Sweden) and was also enjoying the support of the other NMS in this regard.

As to the Czech Republic and Slovakia, both pursue a pro-enlargement policy, without naming any special country preference. Hungary, on the other hand, has very special interests, as it would like to see all its neighbours in the EU, thereby reuniting all Hungarians living in these states. Hungarian interests go even further as Budapest attaches great importance to the stability and prosperity of the whole Western Balkan region being so close to its borders. This is why Hungary wholeheartedly supports the present and future candidacy of all the countries concerned. This approach is shared by Slovenia too, nevertheless, Ljubljana became almost a veto player in the course of EU-Croatian accession negotiations when it felt its vital national interests (namely the definition of its state borders) were at stake.

Romania is again in a special position from the point of view of enlargement. It has strong, although not uncontroversial ties with neighbouring Moldova (where the language spoken is Romanian too). Bucharest already granted Romanian citizenship to hundreds of thousands of Moldavians and is highly interested in the country's stabilisation and full membership in the EU. Because of this situation Romania pursues a pro-enlargement policy in the wider sense too. Finally, Bulgaria is also favouring enlargement in general, although has reservations vis-à-vis Turkey as well as Macedonia (but is not likely to hamper any accession to the EU).

All in all, the NMS have high stakes in the EU's enlargement policy and they are trying to actively engage themselves in it by playing a decision-shaper role. We also identified a case where a new Member State became agenda-setter, while at the same time, in another case another new Member State nearly became a decision-blocker.

European Security and Defence Policy

In the field of security and defence policy, it can be stated that all the ten examined NMS show a stronger preference for NATO than for the Union's ESDP. This is explicable with their post-war past: in the bipolar world they belonged to the Warsaw Pact, the enemy of NATO. Upon the systemic changes the Warsaw Pact ceased to exist and in a kind of vacuum situation NATO remained the single security "pole" in the world. Ever since, NATO meant for the Central and Eastern European region the most important potential security anchor while they looked at the EU as the most important anchor for democracy and prosperity. This approach did not change much through the past two decades. This does not mean, however, that the NMS would not be prepared to support all initiatives under ESDP and they actually do participate in many EU missions in this framework. It must be emphasised, however, that most of the NMS have only limited military capabilities (and financial background) to contribute to such operations, and so far they seem to be more engaged in NATO missions than in EU missions. Thus it can be stated that the ten countries examined are rather decision-takers under

ESDP. None of them is agenda-setter here, but surely none of them would veto or opt out from any decision neither.

Minority rights

For a long time the rights of ethnic and national minorities were not included into the EU acquis. This came up on the Union's agenda thanks to a new Member State, namely Hungary. Being an agenda-setter in this topic, Hungary managed to persuade all the other Member States to include into the Constitutional/Lisbon Treaty a reference to minority rights. In a further step the initiative of a European Roma Strategy was also launched by Hungarian MEPs in the European Parliament. This issue means very different challenges for each new (as well as old) Member State. Nevertheless, Hungary is convinced that minority rights should gain importance at the EU level and preferably – despite the significant differences in political approaches to it – some European norms and standards should be elaborated and adopted in this policy field too.

Institutional issues: negotiations on and ratification of the Lisbon Treaty

The new Member States have been associated with the EU Treaty reform from the outset, as they were invited to participate in the European Convention and later on also in the Intergovernmental Conference on the Constitutional Treaty. In these negotiations, as well as in the negotiations on the Reform Treaty, the position of the NMS became clear. The general policy direction of the NMS in these reform debates has been to increase the efficiency, transparency and democratic legitimacy of the EU. All the NMS are interested in a stronger Union which is competitive, prosperous and safe inside, and which can make its voice heard in the international arena. Beyond this general approach, however, there were of course some differences in the national positions of the NMS regarding the main items of institutional reform.

As far the size of the Commission is concerned, the NMS would have preferred to maintain the principle of one Commissioner per Member State. This is especially important for the small and medium-sized members who cannot counterbalance the lack of their presence in the Commission by their presence in the Council. Nevertheless, none of the newcomers wanted to veto the rationalisation of the Commission's size in the medium term.

Regarding the modification of the voting system in the Council, namely shifting from weighted votes to double majority voting, only Poland had serious objections. Poland is satisfied with the "generous" weight granted to it by the Nice Treaty (together with Spain) and therefore did not like the idea of losing some of this weight in the new system. Thus Poland was prepared even to block this decision, but in the end it entered a compromise whereby introduction of the new system could be postponed to 2017 the latest (with a transition period between 2014 and 2017). All other NMS were contented with the new regime, because, even if it alters their weight, this voting method is more transparent and also facilitates further enlargements. Moreover, the Poles also succeeded in maintaining the

Ioannina compromise in the new Treaty (enabling the Council to postpone a decision even if the blocking minority is not reached) which was then accepted by every Member State. In these issues therefore, Poland has been a strong decision-shaper country.

The increased role of the European Parliament (via the ordinary legislative procedure) was absolutely welcome by all newcomers as they advocate greater democratic control of EU level decisions. They also agreed on maximising the size of the EP with a cap of 750+1.

The most controversial question for these countries was the creation of the permanent President of the EU. They initially feared that such a position would be occupied by a politician from a big Member State who would dominate decision-making in the European Council. They also regretted to lose the possibility of holding a six months Presidency at the highest level of the Union. Nevertheless, none of them wanted to veto this idea neither and, when it became clear that the President would rather carry out strong chairman-type and representative functions, they all adopted this proposal. The idea of an EU “foreign minister” and the setting up of a European External Action Service was also accepted in its present form.

Finally, as to the Charter of Fundamental Rights, the NMS supported its becoming legally binding – with the exception of Poland who opted out. The special case of the Czech Republic must also be mentioned as Prague, before completing ratification, asked for a guarantee that the Charter would not have a retrospective effect.

In the process of Treaty reform the NMS played mainly a decision-shaper role as they actively participated in the deliberations from the outset. They did not refrain from raising objections but were also ready to make compromises and in the end of the day they overwhelmingly supported the new documents. A major conviction shared by all the NMS is that the model of a multi-speed Europe should be avoided as this might produce different classes of membership. Both the Constitutional Treaty and the Lisbon Treaty reassured the NMS in this respect as none of them points to such a development of the European Union.

As regards the ratification process of both the Constitutional Treaty and the Lisbon Treaty, it must also be underlined that none of them was stopped because of a new Member State. The majority of the NMS were actually among the first to ratify both texts (none of them organised a referendum on them). On the other hand, when it came to the ratification of the Lisbon Treaty, two new Member States, Poland and the Czech Republic were the last ones to complete the ratification process. Namely, after the first, negative Irish referendum on the Lisbon Treaty both countries’ Presidents suspended ratification. It was only after the second, this time affirmative, Irish referendum that Poland ratified the text, while the Czech Republic still asked for further preconditions to do so. In the end this issue was solved and the Treaty could enter into force on the 1 December 2009.

Interests, positions and influence in some key policy areas

Common Agricultural Policy

All new Member States are interested in maintaining the present form of the Common Agricultural Policy of which they are beneficiaries. The crucial element of change should, however, be the total elimination of any differences in direct payments between old and new Member States as soon as possible.

At the same time, the NMS are aware that the CAP is in need of reform. Thus, in general they support the Health Check process but there are some specific aspects advocated by most of them. They actually stress that the direct payments (to which they are only gradually getting entitled) should be maintained as the farmers have to comply with several criteria requiring costly investments (cross-compliance). Also, with the help of these payments, the substantial income gap between Eastern and Western European farmers should gradually be closed in order to have equal opportunities for competition on the Internal Market. At the same time, the NMS are also interested in the second pillar of the CAP, namely support for rural development. According to the majority view even if – against their interests – direct payments are to be cut back, this pillar should not be decreased, on the contrary. Export subsidies should remain in place too, given the strong competition on international markets.

Due to the specific nature of the agricultural sector, the NMS are all in favour of keeping its management and financing at a supranational level and none of them would ever support re-nationalisation of the CAP. This is equally the case of such countries as Poland, Romania, Hungary (or even Bulgaria and Slovakia) with strong agricultural potential, or for example the Czech Republic and Estonia where this sector is not of key importance. The latter country seems to have the most liberal approach to CAP reform, accepting the lowering of the amount of payments but only in parallel with increasing the efficiency of agricultural farms and phasing in to more viable and competitive market regulations, enabling the EU agriculture to align with the general world economic developments. The least hostile to re-nationalisation ideas could be Slovenia who can imagine a kind of partial re-nationalisation of the CAP if really necessary.

Some new Member States would also like the CAP to assist member countries hit by excessive meteorological events such as floods or droughts.

All in all, the NMS are heavily interested in the Common Agricultural Policy and would like to see only moderate reforms which, however, should go in the direction of improving their position on both the European and the world markets. They are making efforts to become decision-shapers in the changes of this policy area by mostly allying with each other as well as with the strongest pro-CAP old Member States such as France, Ireland or Greece. Nonetheless, it still remains to be seen whether they can make a real impact on the future of the Common Agricultural Policy.

Budget

Regarding the future of the EU budget, the position of the new Member States is strikingly similar vis-à-vis both the revenue and the expenditure side. There are of course some nuances and different emphasises but the general approach is very much the same.

As to the revenue side of the budget, the NMS agree to keep the ceiling at 1.24% of EU GNI (many of them would prefer to spend the whole sum totally each year). The principle of multi-annual perspective is also supported as it provides for long-term planning. The NMS would like to see a simplification on the income side by keeping the own resources system coupled with the GNI based revenue (even if it has to be raised), but they would prefer to see the VAT based payments abolished. At the same time, the NMS would not like the Union to introduce an EU tax neither. Furthermore, they all agree also that there should be no special treatment of any Member State (i.e. any kind of rebate should be eliminated).

On the expenditure side all new members – regardless of their levels of development – highlight the importance of the financial solidarity principle which is leading in the longer run to more cohesion and consequently stronger competitiveness of the Union. Their top priority within the expenditures from the budget is therefore the current 1B line, namely, “Cohesion for Growth and Employment”. Within this policy field some new Member States (e.g. Poland, Romania) would like to see more decentralisation and simplification of the procedures linked to application for funding as well as to the implementation of the projects. Beyond the absolute priority of cohesion support and the maintenance in some form of agricultural subsidies, the NMS would like the EU to spend more on external border control, on energy policy, or on innovation.

Given the net recipient position of all NMS, however, it is not very likely that they could become agenda-setters in formulating the future rules and structure of the EU budget. Nevertheless, they can become decision-shapers in many aspects, especially if they ally with a range of old Member States too.

Internal Market

The mostly small and medium-sized NMS all pursue liberal-minded market policies due to their openness and strong interdependence with especially the European markets. The EU takes up the majority of NMS exports, the main investors in these countries come from other (mainly old) EU members, and many of them are important exporters of workforce to Western Europe (especially Poland, Lithuania, Romania and Bulgaria).

These conditions explain well why all the new Member States advocate full liberalisation of the four freedoms thereby completing the Internal Market. A clear evidence of this attitude was the NMS approach to the Services Directive. They all wanted to see full liberalisation of providing services on

the Internal Market (with the country of origin principle, as emphasised in a position paper by the Czech Republic, Poland, Hungary as well as Spain, the Netherlands and Great Britain). In the end, the NMS were rather disappointed by the final outcome of negotiations.

The NMS support the better regulation efforts of the Commission, as well as any decision and financial support that would promote the situation of the small and medium-sized businesses in the EU. Another position shared by most new Member States is about opposing to tax harmonisation on the Internal Market. Many new Member States introduced flat tax rates and are trying to reinforce their competitiveness also via their tax systems. For this reason they would not be in favour of further harmonisation fearing that it would be detrimental to their actual competitive positions. Keeping fiscal harmonisation in the Lisbon Treaty under unanimity in the Council satisfied all NMS.

EU2020 Strategy

The NMS welcomed the European Union's new competitiveness strategy, succeeding the expiring Lisbon Strategy. While the ten countries had different points to make during the consultation period,¹⁷⁹ most of them criticised the Commission proposal for not including explicitly the objective of economic, social and territorial cohesion into the main objectives. They also emphasised the need for more transparent and efficient governance of the Strategy, by stipulating fewer targets with clear peer review mechanisms. Furthermore, the majority of the ten countries expressed their wish to see a direct link between the goals of the EU2020 Strategy and the new budget stretching from 2014 to 2020.

Energy/climate

All new Member States welcomed the new legal basis for energy cooperation at the EU level in the Lisbon Treaty, as most of them are struggling with serious import dependence (mainly from Russia). One of the key issues in the NMS is ensuring security of energy supplies (the gloomiest example of the temporary lack of it was already experienced in Bulgaria). All these countries are therefore interested in close energy policy cooperation within the EU, in interconnections of energy networks especially with old Member States, and in new, alternative import routes such as the Nabucco pipeline project. The NMS are favouring nuclear energy too, some of them ally especially with France in this respect (maintaining that nuclear energy belongs to clean energy sources, enabling to increase self-sufficiency). As regards the ambitious objectives of the Union concerning fighting climate change – namely its “20-20-20 strategy” – the NMS agree with that and support the Commission in international negotiations. However, some countries (e.g. Poland) draw attention to their carbon-based industry which would suffer from a fast reduction of CO2 emissions.

Area of freedom, security and justice

¹⁷⁹ See the initial position of the Member States on the EU2020 Strategy during the consultation period: http://ec.europa.eu/dgs/secretariat_general/eu2020/contrib_member_states_en.htm

In this policy field the immediate interest of the new Member States has been to get successfully integrated into the Schengen zone. This was done by the eight countries which joined in 2004, by 2007, while Romania and Bulgaria have to prepare for full Schengen membership by 2011. With the exception of the Czech Republic (and after the Croatian accession Slovenia) the NMS are situated at the external borders of the Union, some of them having very long land borders. Complying with the Schengen requirements involves huge costs this is why the NMS are emphasising the necessity of EU financial solidarity here.

Although situated at the external borders of the Union, the new Member States are not destinations of immigrants or refugees therefore they are typically decision-takers in this policy field. As regards police cooperation, however, some new Member States (e.g. Poland and Hungary) have reservations vis-à-vis the depth of EU competences, although they are never decision-blockers in this policy area.

Crisis management in the EU framework

Most NMS welcomed the European Economic Recovery Plan (EERP) as a flexible framework for action, taking into account the individual circumstances of the Member States, but in general these countries remained clearly in a decision-taker position in this respect.

The three most vulnerable new member countries in the crisis – from the point of view of financing – have been Latvia, Hungary and Romania, all three in need of international rescue packages. Latvia was the hardest hit by the global crisis, experiencing a real hard landing after an overheated growth. Riga had to ask for a massive external financial aid, composed of assistance by the EU, IMF and IBRD in December 2008, and used for avoiding immediate financial insolvency, consolidating Latvian economy and moderately stimulating economic recovery.

The crisis found Hungary in the worst situation from among the NMS in terms of public finances (budget deficit and public debt) thus it had no possibility to tackle the crisis on its own. Hungary, therefore, also asked for an international loan package narrowing its room of manoeuvre further down. In fact the country is now facing the double challenge of reviving the economy while spending less and servicing its debts.

Romania too, was very hardly hit by the crisis. Nevertheless, reaction to it came late and was slow. The main reason for that was the internal political situation, namely in a period close to elections the government did not dare to launch unpopular measures countering the crisis. It became clear very soon, however, that without a huge international assistance the external (and internal) financing of the country is impossible. The conditions of the international creditors are severe, including adjustment of budget revenues and expenditure as well as reforms in taxation and the pension system – directions followed by the new Romanian government.

The luckiest country during the crisis has been Poland, thanks to its big internal market, lower level of international interdependence, as well as its public finances brought in good shape prior to the crisis. While internal consumption was not shrinking, and the financial institutions were not endangered, investments went on too, and thanks to some new reforms (the government facilitated calls for tenders, construction permits and use of EU funds) the grand infrastructural projects throughout the country could generate additional impetus for domestic growth. Despite these favourable framework conditions, Poland has actually launched a saving package for 2010-2012 aiming at cutting spending and addressing structural reforms. Beyond the immediate measures (e.g. public expenditure cuts and revision of pension allowances) long-term and future-oriented objectives have also been formulated in Poland (e.g. education reform and young employment programme).

In between the least and the most fortunate countries can be found the other six new Member States. The Czech Republic had to face the crisis while preparing itself for the Presidency (starting in January 2009). This meant launching anti-crisis measures at home, and, at the same time, making efforts to find a common European way of facing the global crisis. The first reaction of the government to this situation was the adoption of the “National Anti-Crisis Plan”, focusing on enterprises and the business environment as well as on the domestic financial sector, and on investments into new technologies. It must be stressed too, that the Czech Republic, Poland and Estonia actually contributed to the international rescue package of Latvia, thereby demonstrating their strength in the crisis.

The economic crisis hit Slovakia harder than expected. GDP fell sharply, while unemployment rose high. Being a member of the Eurozone showed its positive and negative implications at the same time. On the one hand, Slovakia was sheltered from currency speculations, while on the other hand, it could not devalue, causing temporary drawback in its competitiveness. All in all however, Slovakia seemed to be among the luckier countries, as its public finances were in a good shape before the crisis and this economy is expected to report one of the highest growth rates in the region this year and also in 2011. Thus the Slovak crisis management was so far not accompanied with painful austerity measures (also due to elections).

In Slovenia, the government’s anti-crisis strategy comprised measures aimed at stabilising the financial system and ensuring bank liquidity. These first steps were followed by two waves of budgetary stimulus measures aiming at safeguarding enterprises and jobs, enhancing financial liquidity, mitigating the impact of the crisis on business, increasing education and R&D expenditure, as well as working capital of endangered industrial sectors, improving labour market, life-long learning and social security, not speaking of measures related to infrastructure, energy and environment. All these measures were in line with the Commission’s recommendations and with the EERP (with the exception that the Slovene government spent more than allowed). Considering an exit from crisis management, Slovenia is launching comprehensive structural reforms (refocusing of budget expenditure, modernisation of the pension system, changes in social expenditure, etc.). The

exit strategy of Slovenia aims among others at promoting research, knowledge and innovation, enhancing competitiveness and innovativeness of enterprises, developing the employability of working force, and transiting towards a low-carbon society.

Similarly to Latvia and Lithuania, Estonia experienced a two digit GDP decline too in 2009. As an immediate response, the government took quick and adequate austerity steps to cut public expenditures, followed later on by more pro-active measures, generally in line with the recommendations of the EERP. The resources dedicated to crisis management have been concentrated on investments (with special regard to future-oriented, environmentally friendly projects), on improving conditions of financing the economy and on contributing to a greater flexibility of the labour market. At the same time, Estonia urges the elaboration and implementation of a comprehensive exit strategy in order to re-establish the competitive environment in Europe.

Lithuania has been dealing with crisis management in line with European initiatives from the outset. On the margin of the crisis, the political leadership has been focusing on long-term goals to ensure a stable and competitive economy. Already prior to the crisis a saving package was introduced with a view to stopping the unfavourable tendencies that have begun in the national budget. The programme comprised cuts in public spending and in wages of civil servants, increase of VAT rates, and measures for the stabilisation of the financial sector. Upon the crisis these moves, however, had to be followed by further provisions for strengthening trust towards the country and its currency board system. These steps included further cuts in the public administration and public spending, as well as corporate tax and VAT increase, facilitation of credit possibilities for small and medium-sized enterprises and a reform of the pension and social security system. The anti-crisis measures aimed at stability and structural changes proved to be successful, as Lithuania managed to regain credibility.

Last, but not least, Bulgaria also suffered from the crisis. It must be underlined that Bulgarian public finances and growth rate were absolutely promising before the crisis. Despite this fact, due to its low development level and high dependence on external factors (foreign direct investments, export markets, etc.), Bulgaria had limited capacities to mitigate the effects of the crisis. Furthermore, the geographical proximity to Greece has recently made the vulnerability of the country even more tangible. Bulgaria's crisis management efforts primarily included measures aimed at protecting jobs and also those who became unemployed. Other measures targeted low income pensioners and households, while export guarantee schemes were also launched.

All in all, it can be stated that the initial situation of the NMS prior to the crisis was diverse, consequently their reaction to it, the types of their crisis management were highly diverse as well. In general, they all welcomed the EU framework of EERP but all remained decision-takers in this issue.

Institutional set up of EU affairs in the NMS

It must be emphasised that there is no *acquis* relating to the organisation of EU administration in the Member States. Thus, if we take a closer look at the NMS, there are several different institutional models for that. The centre for coordination may be placed in the Prime Minister's Office, in the Ministry of Foreign Affairs, there can also be an EU Ministry, or the coordination centre can be based in two institutions too. In some countries the core structure remained unchanged since accession (e.g. Poland) while in others changes occurred from time to time (e.g. Hungary). The common feature in all countries is that, of course, the national parliaments take part in EU-related decisions via their EU Committees (under different names and slightly different competences). Similarly, the Permanent Representations of the NMS in Brussels form the third major component of these structures, representing the mandate given by the national governments. Below none of the latter two are mentioned, as we only focus here on the national coordination of every day executive work within the governments.

The coordination of European affairs in Bulgaria is divided into "internal" and "external" units. The internal coordination among line ministries and other relevant institutions is being carried out by the Directorate for Coordination of EU Affairs within the Administration of the Council of Ministers. The "external" coordination, namely close work with the Permanent Representation of the Republic of Bulgaria to the European Union as well as with the Embassies of the EU Member States, is being carried out by the EU Directorate of the Ministry of Foreign Affairs.

In the Czech Republic, there is a Minister for European Affairs who is based in the Office of the Government. He is the leader of the European Affairs Office managing European Union issues in the Czech Republic. The European Affairs Office has to coordinate the European policies of individual ministries and functions as an independent mediator if necessary; secondly, it has to coordinate and analyse the formulation of the Czech Republic's positions for the various meetings of the European Union; and finally, it is responsible for communication with the public on current EU issues.

Estonia has developed a relatively decentralised and flexible EU coordination system, where the overall responsibility for coordinating EU issues in the government lies with the Prime Minister who is supported by the director of EU affairs and the European Union Secretariat of the State Chancellery. As regards elaboration of national positions there is a ministerial responsibility, while effective interministerial cooperation is ensured by the Coordination Council of EU issues. The European Union Secretariat of the State Chancellery supports and advises the Prime Minister and the government on various EU issues and prepares the meeting of the Coordination Council, coordinates preparation of Estonian positions for the government meetings, monitors the harmonisation of the *acquis* and maintains the EU document management system. The Ministry of Foreign Affairs coordinates and compiles COREPER positions, disseminates information on Estonian positions to other Member States.

As regards Hungary, between 2004 and 2006 there was an Office of European Affairs headed by a minister without portfolio, based in the Prime Minister's Office. The minister worked in close cooperation with the State Secretariat for Integration and Trade of the Ministry of Foreign Affairs. It was the minister without portfolio who was directing all tasks related to the preparation, implementation and control of EU related affairs (including management of the EU funds). Sectoral interests have been (and are) harmonised in the Interministerial Committee for the Coordination of EU Affairs, while legal harmonisation work has always been coordinated by the Ministry of Justice. In 2006 the Office of European Affairs was moved to the Ministry of Foreign Affairs, while the position of the minister without portfolio was abolished. In the beginning of 2009 the structure was slightly modified with a view to Hungary's upcoming Council Presidency. The new structure too, is concentrated in the Ministry of Foreign Affairs where a Directorate General for EU Coordination and Legislation (composed of four main Departments) was created. Under the new government EU issues will remain within the Ministry of Foreign Affairs too, belonging to a State Secretariat.

In Latvia, the central coordinating institution for EU issues is the Ministry of Foreign Affairs. It has a coordinating role in preparation of Latvia's national position papers and it monitors the continuity of Latvia's position in different stages of the decision-making process, as well as the consistency with Latvia's position across different policy areas. Every ministry ensures the preparation of national position papers on the EU issues falling under its sphere of competence (the ministries have their own internal EU coordination system). Cooperation of state institutions on the EU issues is ensured by the Meeting of Senior Officials.

In Lithuania, within the government it is the Ministry of Foreign Affairs who is responsible for the overall coordination of formulating the positions of Lithuania during negotiations on an EU decision. These positions are drawn up, coordinated with other ministries and institutions as well as with social-economic partners by the relevant ministry or state institution – under the supervision of the Ministry of Foreign Affairs. The Lithuanian national positions can be discussed in two main forums: in the Governmental Commission on EU Affairs (meeting on a weakly basis) and at official government meetings. The implementation of EU legislation is coordinated by the European Law Department of the Ministry of Justice.

In Poland, coordination of EU affairs is centred at one single institution since 1996, called UKIE, the Office of the Committee for European Integration. This Office has been responsible for coordinating the activities of all ministries and institutions directly involved in the process of Poland's interactions with the European Union. The responsibilities of UKIE are wide-ranging: the Office is dealing among others with issues such as preparations for the Council Presidency in the second half of 2011, participation in the process of creating as well as implementing EU law, controlling translation of EU official documents, organising training and re-training of civil servants, or management of EU funds.

In Romania, the formulation and implementation of foreign and EU policy is shared between the cabinet and the presidency. After the elections of 2009, thanks to the results, the relation between the President and the government improved substantially, thus the coordination of EU affairs became stronger. Before 2007 a separate ministry, the Ministry for EU Affairs was responsible for EU policy coordination. After entering the EU the basic role of this ministry was changed and the management of EU affairs and all related coordination work became the task of the Ministry of Foreign Affairs.

In Slovakia, too, the responsibility for the preparation and implementation of all EU-related decisions lies with the government. There is a ministerial responsibility regarding sectoral dossiers, while coordination has been provided for by the Ministerial Council for EU Affairs, headed by the Deputy Prime Minister for European Affairs.

In Slovenia, coordination of most of the EU affairs is assigned to a cabinet office, the so-called Government Office for Development and European Affairs, coordinating the activities of Slovenia in all European Union related matters except for foreign policy and defence (for which the European Department of the Ministry of Foreign Affairs is responsible).

Conclusions

This paper attempted to look at some intriguing and so far almost uncharted issues regarding the new Member States' attitude in EU decision-making. We were trying to find answers to questions about what kind of European Union are the NMS interested in, what has so far been their impact on European integration, or how do they influence decisions at the EU level.

We have found that influencing EU decisions by mostly small and medium-sized, new and poorer Member States is not easy. Exercising an impact on EU developments has been a real challenge for these countries, which seem to be decision-takers in the majority of the cases. In some rare cases they became agenda-setters (e.g. Hungary with minority rights or Poland with Eastern Partnership) while in some other rare cases again they acted as decision-blockers (e.g. Slovenia during Croatian accession negotiations or the Czech Republic with the Lisbon Treaty), although even in these cases a compromise could be found in the end of the day.

The NMS are also increasingly learning how to become creative decision-shapers. They are expressing their interests, with a view to shape the outcome of negotiations, when they fear losing some rights and benefits (CAP, Cohesion Policy) or when they feel overburdened by EU requirements (border control, agricultural cross-compliance, bureaucratic rules linked to Cohesion Policy, or fast cut of green house gases when the domestic industry is dependent on fossil energy sources).

All in all, it can be stated that the NMS are basically interested in a strong European Union which continues with both deepening and enlargement. The NMS are in general satisfied with the present policies of the EU, they prefer to have a moderate modification of the CAP, the maintenance of cohesion objectives and instruments, a tighter cooperation in energy policy (with special regard to security of supplies), a full liberalisation of all four freedoms on the Internal Market, solidarity as regards external border control, simplification of the rules of the budget on the revenue side and some streamlining on the expenditure side (without altering the present ceiling). The NMS are all committed to their transatlantic ties but they also support a strong ESDP, without any duplication with NATO activities, however. All NMS are champions of further enlargement to the East due to their geographic position, economic, historic and even human ties, as well as due to their interest in a stable and prosperous immediate neighbourhood. This is why they also supported the Eastern Partnership as a means to strengthen the relations with the countries concerned.

As regards institutional issues, the NMS are in general in favour of the so-called Community method, they want to see a strong Commission, a powerful Parliament and efficient decision-making in the Council. They tried to stick to the old Presidency system, but came to terms with having a permanent President of the European Council too.

Based on these interests and attitudes, the NMS already made important contributions to different debates at the EU level and managed to make their voice heard. They did it sometimes alone but they were more successful when they could take part in coalitions. In this respect, the NMS do not form a voting block at all, even if in some cases many of them can be found in the same group. On the other hand, they are natural allies in such cases as the policy on CAP direct payments or liberalisation of buying of agricultural land, because they are subject to the same rules and same risks since accession. But the NMS usually ally with both old and new members according to their actual needs and preferences. In this sense they behave as any “normal” Member State.

Being a full member of the European Union meant for the new Member States a chance to influence European integration in such decisive debates as those on Treaty modification and institutional reform, the budget review, as well as the Union’s new energy and climate strategy, the upcoming competitiveness strategy or the new goals concerning the area of freedom, security and justice. The NMS did their best to grasp these opportunities to shape EU decisions instead of just remaining passive decision-takers. However, more time is needed (especially for the latest comer Romania and Bulgaria) to make a stronger impact on EU developments by strengthening their creative influence and at the same time by preserving their readiness for compromises.

MAIN FINDINGS IN A NUTSHELL (*KRISZTINA VIDA*)

The main motivation of the NMS to join the European Union was to belong to a community of states providing for peace, stability and prosperity. Several years after accession, the **initial priority** of these countries to catch up with the average Western European living standards did not change. However, by enjoying full membership, their interest articulation in European integration became more sophisticated and they are also learning how to make a stronger impact on the integration process.

The identifiable **common strategic interests** of the examined countries are composed of the following elements. The ten NMS are all interested in a stable and prosperous immediate neighbourhood, this is why they all support the Eastward enlargement of the Union coupled with a reinforced Eastern Partnership. The NMS would also like to see a strong and efficient EU providing for safety and prosperity for its citizens while being able to speak and act with one voice on the global stage. They prefer to have a fully liberal Internal Market with the four freedoms completed. They attach great importance to both key policies of the common budget, namely CAP and Cohesion Policy and would also support greater EU commitments to the protection of external borders – again, due to their geographical position.

Four **key policy areas** are worth being highlighted here. Firstly, as to the Common Agricultural Policy, the new Member States would basically like to preserve it as it is. They are against full or partial re-nationalisation of the CAP, and even if direct payments were to be cut back in the longer run, the rural development pillar should be reinforced in their view. Secondly, due to their lower development levels, the NMS champion for Cohesion Policy, and most of them missed the explicit objective of economic, social and territorial cohesion in the new EU2020 Strategy. Actually, the NMS welcomed the Strategy in general, while most of them emphasised the need for a more transparent and efficient governance of it. Furthermore, the majority of the ten countries would also like to see a direct link between the goals of the EU2020 Strategy and the new budget stretching from 2014 to 2020. Finally, the NMS – all exposed to the risks of a mostly unilateral import dependency – have a very supportive attitude towards stronger cooperation in energy policy at the EU level aimed especially at import diversification and increased self-sufficiency.

Ever since accession, the relations between national and European **institutions** have been rather smooth. During the long years of accession negotiations these countries have learned how to prepare national positions, how to negotiate with the Commission and the Member States, and how to implement EU decisions binding them. They all built up the necessary structures for coordination of EU affairs at home (these institutional set ups may however change according to the ruling political parties' preferences). Furthermore, as regards the new Member States' institutional integration, they have successfully joined the work of all institutions – a clear evidence of this is the fact that the EU level decision-making machinery did not slow down after 2004 or 2007.

Not only did the new Member States successfully integrate into the EU decision-making system, but going beyond a passive decision-taker role, they also showed their ability to shape (or in a few cases to temporarily block) decisions, as well as to become agenda-setters in some issues. Such active **behaviour** does not depend on the size or the development level of the given country, and it can also be stated that the NMS do not really form interest-coalitions and none of them can be considered a “leading country” in this respect. Despite the already mentioned shared interests and positions, there is no evidence for a typical NMS alliance building pattern, on the contrary, they initiate or join very different coalition groups of Member States (old and new) depending on the topic discussed.

