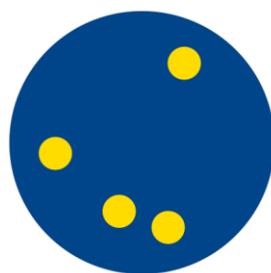


# COUNTRY REPORT

## Slovakia

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- The country report on Slovakia is one of the outcomes of the project “Visegrad in the EU – How Much Do We Matter?”, which has been implemented jointly by the EUROPEUM Institute for European Policy (Czech Republic), the Institute of Foreign Affairs and Trade (Hungary), the Institute of Public Affairs (Poland) and the Research Center of the Slovak Foreign Policy Association (RC SFPA).
- The main aim of the project was to identify the achievements and lessons learned of the V4 countries in four policy areas: 1. The EU institutional set-up and the EMU, 2. The EU Single Market, 3. The area of Freedom, Security and Justice and 4. External Relations during one decade of their EU membership. Another goal was to draw scenarios for future development. The report has both retrospective and future-oriented part and is divided in for thematic parts. Each of these parts was developed by a different expert or experts:
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  - Single Market – Zsolt Gál, Department of Political Science, Faculty of Philosophy, Comenius University
  - Freedom, Security and Justice – Zuzana Gabrižová, Radovan Geits, Euractiv.sk
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Visegrad  
in the EU

*HOW MUCH DO WE MATTER?*

## Retrospective Part

### 1. Four Policy Areas

#### 1.1 EU Institutional Set-up and the EMU

Slovakia is a specific case among the V4 because it institutionally entered the core of the EU since its entry in the Eurozone in 2009. For almost the whole post-accession period, Slovakia's sole EU preference was full membership in the European Union. Most politicians in Slovakia focused first and foremost on catching up with the political and economic mainstream of the EU. Apart from placing particular limits on the EU's ability to intervene in social policy, taxation, cultural and ethical issues, they also have not formulated any set of personal policy preferences inside the EU.

The occurrence of the financial and debt crisis in 2009 can be considered as an important moment in the post-accession period. The debate on costs associated with maintaining Slovakia's position inside the Eurozone culminated in the fall of the Iveta Radičová government in 2012. Nevertheless, the debate about increased costs of European integration, associated with maintaining Slovakia's position inside the Eurozone, has not undermined the domestic consensus about Slovakia's position in the political core of the EU.

Slovakia's EU preferences are not a product of broad political debates and strategic planning. In general, the country's EU policy can be considered as a follow-on imperative of its accession policy. Especially in institutional dealings with the EU, Slovakia has relied heavily on its experience from the pre-accession phase. It is sort of a paradox that Slovakia's most elaborate position on EU affairs was adopted before the accession, in preparation for the Intergovernmental Conference in 2003, which aimed to draw up a new Treaty establishing the Constitution for Europe.

All in all, the debate on the EU in Slovakia is framed largely by the country's membership in the Eurozone and a relatively high degree of public consensus about the continued benefits of European Union membership. This

consensus has been given a new boost since 2012, when the current single-party government led by the Prime Minister Robert Fico came to power.

#### 1.2 The EU Single Market

As regards the convergence towards the EU average, Slovakia has performed very well. The access to the EU single market and expanding export opportunities certainly played an important role in this success, since it is crucial for small and open economies to obtain access to foreign markets. Among the V4 countries, the economic openness reached the highest levels in Slovakia.

Though EU accession played an undoubtedly very important role in Slovakia's economic successes, it was not the only determining factor. Economic growth, especially in the first years of EU membership, was the result of comprehensive in-depth structural reforms. Thanks to the reforms implemented between 2002 and 2006, among which the tax reform played an especially important role, most of Slovakia's economic indicators became the best or second best in the V4. Slovakia also became the leading reformer of the region, and was often referred to as the 'Tatra tiger'.

High unemployment remains a substantial problem in Slovakia. During the first few years after the accession, substantial FDIs and labour migration worked together in decreasing the very high unemployment rate in Slovakia. Using the opportunity of free movement, Slovak labour migration intensified after the EU accession and reached levels comparable the ones observed in Poland and the Baltic countries. Between 2004 and 2007, about half of the employment growth was due to the increase of labour migration. In other words, labour migrants decreased unemployment rate in Slovakia.

Despite the fact that the efficient use of EU funds has been a top priority for all Slovak governments, the real picture shows that Slovakia has managed to spend just a little more than half of the available resources till the end of June 2014, which is the near-end of the 2007-2013 financial perspective. Together with Malta, Slovakia occupies the last position within the "EU 25". Another problem is the effective and transparent use of the EU funds. In 2014, out of 11

Slovak Operational Programmes for the 2007-13 period, the European Commission suspended funding for nine, while only the ones remaining unaffected dealt with the environment, and partially employment and social inclusion.

### 1.3 The Area of Freedom, Security and Justice

It can be argued that the overall political ownership of the EU agenda in the area of freedom, security and justice has been relatively low, which means that almost any initiative taken by the state administration has been driven by rather constructive pragmatism.

The accession to the Schengen area was the utmost priority in the area of Freedom, security and justice. for Slovakia. Since the accession to Schengen was highly anticipated by the Slovak citizens, it created a set of expectations and emotions that the politicians had to manage.

Migration has become another sensitive issue that unites political actors in Slovakia. Bratislava has continuously emphasized individual responsibility of member states for the protection of EU external borders against mostly unwanted migration flows, as well as for asylum policy. On the other hand, visa liberalization has divided foreign policy stakeholders in two groups: those who consider it an incentive given to the countries in the Eastern and Southeastern neighbourhoods, and others who perceive it as security risk.

Slovakia also managed to stop a couple of initiatives, including the mutual recognition of registered partnerships in the context of free movement of persons as well as the idea of European border patrols.

### 1.4 External Relations

After the accession, the EU became an instrument of Slovakia's foreign policy. The main issues in Slovak foreign policy, at that time, were Ukraine and the Western Balkans. The reasons behind this decision are obvious – both were of priority interest both for NATO and EU and Slovakia had its own economic, political and security interests in these areas.

Another strategic priority was regional cooperation within the Visegrad Four format. It was understood that

together with the Czech Republic, Poland and Hungary, Slovakia would have a bigger influence within the EU and NATO because interests of the V4 countries in the regions of Eastern Europe and Western Balkans are very similar. Together with other V4 countries, Slovakia signed the so-called Kroměříž declaration, which defined the post-accession priorities for the V4: strengthening of regional identity and cooperation, coordination of policies within the EU and NATO and a common contribution to the creation of policies for the EU and NATO towards the countries of Eastern and South-Eastern Europe.

## 2. Consensus in Pursuing the Priorities

There has generally been a high degree of domestic political consensus around EU issues, though in some cases, including on the EMU and institutional settings created by the Lisbon Treaty, this consensus has been quite fragile. Slovakia has also enjoyed a high level of public consensus about the financial, economic and strategic benefits of its EU membership. On the other hand, the “Slovak paradox” - characterized by high trust and support for the EU but a low turnout in EP elections – points to the ignorance of key political actors of the EU agenda, and especially the European Parliament. Political debate has often been narrowed to so-called distributional issues, such as the use of structural funds or the increased costs associated with the Eurozone membership.

The agenda of freedom, security and justice has not at all played an important role in the political life of the country, with Schengen accession being the only exception. The problem is that there are no coherent political visions that have the ability to shape the agenda. Even within the respective Ministries of Interior and Justice, power lies, to a significant extent, in the hands of the administration, The consistency can be found mostly in low interest of political leaders in the area of FSJ, migration policy, Schengen and reluctance towards the recognition of civil partnerships.

In the area of external relations, consistency and continuity were more visible in the case of the Western Balkans, where each Slovak government has shared similar

positions. Continuity has also been obvious in the attitude towards the independence of Kosovo, though in this case the domestic political scene in Slovakia became divided along ethnic lines. Concerning relations with Ukraine, but especially with Russia, the difference between the centre-right and left-wing governments was much more remarkable. While the former tried to establish intensive contacts with Ukraine and keep a distance with Russia, the latter tended to overlook Ukraine and was rather in favor of the development of a deep relationship with Russian Federation. The Eastern Partnership initiative was nevertheless also supported by the social-democratic government led by the prime minister Robert Fico (2006-2010, and since 2012), though an emphasis was put in the statement that the EaP should not become an anti-Russian project.

### 3. Impact at the EU level and coalitions secured to achieve the chosen priorities

Slovakia's membership in the Eurozone has also framed the debate about the EU. The country's key goals include successfully overcoming the crisis, maintaining a sound common currency and an internally cohesive single market.

Slovakia has always emphasized economic and fiscal responsibilities and is likely to deepen European integration in economic and monetary matters. Eventhough Germany remains the reference point on the EMU, other countries perceived as a part of the "economic north" are natural allies of Slovakia in this respect as well. The closest coalition partners on EMU are therefore the V4, the Baltic countries Germany and – depending on specific issues -Finland and the Netherlands. Coalition possibilities are much wider on institutional issues, where the priority is the maintenance of a functioning single market. Another priority is to keep the UK inside the EU. While Slovakia does not perceive the revision of the Treaty as the issue of the day, the Slovak EU presidency, which will be held in the second half of 2016, might be eager to initiate a debate on this issue.

A successful coalition building also includes the V4-Plus format. Because of the importance of Germany in the EU and its ties to the V4 countries, the V4+Germany framework is considered as one of the preferred options. This is also due to the fact that the EU member states have to adequately respond to the challenges related to the crisis in Ukraine, which binds the V4 and Germany in both geopolitical and policy terms.

Though the V4 countries are crucial coalition partners for many issues related to the EU agenda, the fact is that Hungary, the Czech Republic, Poland and Slovakia are positioned on different orbits of European integration. This brings – together with certain differences in policy preferences – certain limitations to V4 policy coherence. However, these differences were more remarkable during the debt crisis, while they nowadays do not play a decisive role.

Slovakia cooperated actively with the V4 and other net beneficiary countries during the preparation of the EU budget for 2014-2020. The high level conference of the "Friends of Cohesion" group organized in Bratislava in October 2012 is one of the examples of Slovakia's involvement. As a result, the total allocation from EU structural and investment funds in 2014-2020 for Slovakia has been increased (compared to the previous long-term budget) by 2.5 billion euros and has reached 14 billion.

The V4 platform has also been used to stress the idea of unrestricted free movement of workers. The removal of the barriers, however, was a gradual process with two key countries, Germany and Austria using the maximum 7 years period (up to May 2011) of restricting access to their labour markets for workers from new member states.

In the area of Freedom, Security, Citizenship and Justice, Slovakia's impact has remained negligible. Nevertheless, Bratislava has been relatively successful in securing some of its vital interests, among which joining the Schengen zone and resistance towards an interference into internal affairs in the area of migration, asylum and civil law were high priorities.

In terms of external relations, Slovakia has been a relatively active player in the ENP, but however mostly on the regional Visegrad level. The Slovak Republic co-initiated the development of cooperation with Ukraine in the V4+ format in the late 1990s, establishing the tradition of regular meetings of the prime-ministers, foreign ministers, and members of European affairs committees of the V4 parliaments with their Ukrainian counterparts. On the EU policy level, Slovak diplomacy has had a direct impact on the ENP, rather when it comes to its implementation than policy formulation. When it comes to the Western Balkans, the contribution of Slovak diplomacy to the enlargement policy has oscillated between policy formulation and implementation. Slovakia was a strong supporter of Croatian accession, and together with its Visegrad partners managed to create a coalition of like-minded countries that have been supportive of the enlargement policy of the EU. The significance of the role of the V4 and its impact on the EU is also underlined by the fact that the annual V4 ministerial summits are regularly attended by high-ranked EU officials. The direct involvement of Slovak diplomats in both regions can be considered as another proof of Slovakia's involvement.

#### 4. Policy driver, policy taker or policy killer?

In the field of EU institutions and EMU, Slovakia can be considered as a clear policy-taker. Most Slovak political leaders have accepted the existing level of European integration without questioning it, but have identified any policy preferences inside the EU apart from placing particular limits on the EU's ability to intervene in social policy, taxation, cultural and ethical issues.

When it comes to the single market - drawing EU funds, ensuring convergence, gaining free access to the labour markets and energy security – Slovakia again behaves as a policy-taker. Though the country still has an impressive record of formal transposition of EU legislation, it only rarely initiates policy processes. In addition, it maintains only a few recognizable preferences, when sometimes even official positions on current EU issues are missing.

In the field of energy policy, the only example of a policy-driver attitude was the joint Slovak-Czech initiative focusing on the establishment of the European Nuclear Energy Forum (ENEF). On the other hand, Slovakia performed as a policy-killer (at least partially) in two areas: firstly, regarding the European Commission's third energy liberalization package from 2008, when Slovakia together with other countries managed to weaken the originally proposed unbundling solution, especially in terms of gas and electricity distribution and supply networks; second, on resisting the harmonization of income taxes and social policies.

In the area of Freedom, Security, Citizenship and Justice, Slovakia has positioned itself mostly as either a policy-killer or a policy-taker, though it has also held the policy-driver attitude in some issues, including Schengen, police cooperation in general, the European investigation order, confiscation of assets, and data prevention. The areas in which Slovakia has been a policy taker include the European warrant order or the Directive on the protection of the financial interests of the EU included by the means of criminal law. In several issues, Slovakia has played the role of policy killer, such as on migration, civil partnerships, the European Public Prosecutor Office, and the Anticorruption report.

In terms of external relations, Slovakia has rather been passive rather an active on European Neighbourhood Policy, especially on the EU level. The same applies to the Western Balkans, though here Slovak diplomacy has perhaps been more active and influential, and has therefore occupied the policy-mover position as well.

## Future Oriented Part

### 1. EU Institutional Set-up and the EMU

In the next couple of years, Slovakia has several important goals in the area of EU institutional design and EMU. Remaining a part of the EU's institutional core can be identified as the most important priority. Besides that, Slovakia is committed to supporting steps towards firmer foundations of Economic and Monetary Union and is interested in keeping the Eurozone (the EU's institutional core) open to other member states, especially to its V4 neighbors. The sooner the V4 countries become EU members, the better for Slovakia, though current EU dynamics show less firm dividing lines between the Eurozone and the rest of EU member states.

Slovakia is also likely to remain in the camp of countries supporting overall fiscal responsibility. Bratislava adopted the European Stability Mechanism and has supported steps in favor of the banking union, though in the case of the latter, further developments depend mostly on the role of the bigger member states such as Germany. Similarly, the future soundness of the fiscal union will depend predominantly on the EU's ability to handle the situations in countries like Greece, but also France and Italy.

The cohesion of the EU can be identified as another priority. The Eurozone crisis deepened the institutional and political dividing lines across the EU, separating the members of the Eurozone core and non-members. The crisis also opened the question of the future of British membership in the EU. Slovakia is strongly interested in overcoming these divisions and strengthening the coherence of the EU. However, given that a treaty change in the coming years is not realistic, the challenge to EU unity may deepen. The leadership in Slovakia is therefore likely to maintain the elements of the Community method and work more on the practical and gradual changes in the EU secondary law and in the existing political agreements among member states. The focus on the practical institutional solutions may also strengthen the EU's ability to deal with ongoing external crises, including the one in Ukraine. It is also worth to be mentioned that the new

institutional cycle following the 2014 EP elections, accompanied by a new Commission, offers a renewed opportunity for a more legitimate and workable institutional environment in the European Union.

Slovakia will hold the Presidency of the EU in the second half of 2016, meaning that the preparation of the Presidency represents another important priority. Slovakia is planning a relatively low-cost, Brussels-based presidency. The list of priorities, which will be added to the Presidency's agenda, is likely to include the reform of the EU cohesion policy scheduled to be launched in 2016 and the issues of energy security or social exclusion of long-term unemployed and disadvantaged people. The Presidency also represents an institutional opportunity for a more focused intra-Visegrad cooperation, consultations and joint planning. Also, it presents a framework for a broader Central European dialogue on banking union, EU's energy union, as well as EU's crisis management tools and overall coherence of its institutional framework.

### 2. The EU Single Market

In the area of the EU single market, the main areas will most likely be consistent with the ones from the first decade of the EU membership. The most important priority and also challenge remains the transparent and efficient use of EU funds, followed by the restart of the convergence process. The implementation of both priorities will require important political decisions aiming to cut the EU funds from the domestic corruption machinery around public procurements and foster structural reforms. If Slovak political leaders fail to adopt these decisions, the country might fall into the so-called "middle income trap" and stagnate.

Deeper integration into the single market might be helpful as well. Though all the V4 countries have benefited from the liberalization of markets and the opening of monopolized sectors to competition, there is still some room in Slovakia for higher competition in some areas, including energy sector and rail passenger transport.

Since the free movement of people is the subject of increasing criticism in a number of EU member states, significant attention should be paid to the preservation of free access to labour markets. Slovakia and other like-minded EU members should actively promote the free movement of labour within the EU. Another challenge is related to the return of Slovak migrants to Slovakia, which will hardly be possible without making the labour market more attractive.

In the field of energy security, the main challenge is the diversification of energy imports. In cooperation with its regional (especially V4) partners, Slovakia should also continue to foster a common energy policy and strengthen its bargaining position vis-a-vis main suppliers, especially the Russian Federation.

### 3. The Area of Freedom, Security and Justice

Slovakia is missing a clearly defined stance on any policy initiatives and/or legislative acts in the area of freedom, security and justice for the next years. Therefore, the country should primarily define where its priorities lie on both the new initiatives and the implementation of already adopted legislative texts. Nevertheless, besides solidarity, no substantial contribution of Slovakia in this field is expected.

No new initiatives are expected in regard to the Schengen area, which is considered as Slovakia's main priority. Slovakia, however, will have to acknowledge that free movement across the EU will probably be accompanied by strengthened common supervision in areas such as rule of law and the fight against corruption, which were long considered immune from community interference. Slovakia will hardly become a policy mover in these areas, since Slovak political leaders share the opinion that the only sustainable impetus to deal with systemic deficiencies must come from within the country. Despite its opposition to the European system of border guards, Slovakia will have to deal with this issue in the future, since the system is

mentioned as a priority in the European Council conclusions from June 2014 on Freedom, Security and Justice.

Migration has become one of the most pressing challenges, also due to its sensitivity. The officially formulated principles of Slovakia's migration policy stress the protection of "traditional way of life" in Slovakia together with the need to take into account the "cultural stability in the society". However, these declared principles are in contradiction with another proclaimed principle, namely the "prohibition of discrimination". In light of the above it does not come as a surprise that in terms of legal migration, Slovakia prefers to focus on countries that are "culturally close" and prefers an integration model based on the full acceptance of "cultural realities of Slovak Republic" by migrants. Another problem to deal with is connected with the fact that very little attention is paid to shaping the attitudes of general public that remains influenced by stereotypes and a low level of awareness of the way of life of foreigners. EU-wide anti-discriminatory law is also considered a sensitive issue by Slovakia, especially because of the inclusion of discrimination on the ground of sexual orientation in civil matters.

Policymakers in Slovakia will most probably continue to marginalize the citizenship cluster of the FSCJ agenda. The lack of interest in Slovakia can be explained by the fact that the citizenship cluster is perceived as a soft and "positive" agenda, connected to citizens' rights rather than obligations.

### 4. External Relations

The developments in the EU Eastern neighborhood, and especially the crisis in Eastern Ukraine, are going to play an important role in Slovakia's external relations. In general, Slovakia expressed its support for the new Maidan government, the territorial integrity of Ukraine, and its European integration course, and has not changed its position towards the Eastern Partnership initiative. Nevertheless, it has to be admitted that in practice, the Slovak government showed a rather ambivalent approach towards the Ukrainian crisis, while combining two strictly

contradictory policy lines. Despite the anti-sanctions rhetoric of Prime Minister Fico, the Slovak government approved all the restrictive measures against Russia adopted by the EU. Also, the government supported signing association agreements, including the DCFTAs, with Ukraine, Moldova and Georgia on one hand, while calling for good relations with Russia on the other. Keeping in mind the conflict between Ukraine and Russia, the Slovak government can hardly sustain this “pragmatic” shape of its Eastern policy. Also, should the development of the current relations between the EU and Russia lead towards a new version of a cold war with Russia, Slovakia’s government, led by prime minister Fico, is not expected to become a killer of the common EU Eastern policy.

Regarding the Western Balkans, Slovakia’s position towards the unilaterally declared independence of Kosovo remains to be one of the challenges also in the future. Though Slovakia has not been pushed by the EU to change its position towards Kosovo, it remains the only country in the V4 – and one of the five EU members - to maintain such position. Taking into consideration the current political spectrum in Slovakia, it is, however, difficult to predict whether Slovakia will decide to change its position towards this issue.

Another challenge is related to the fact that the increased diplomatic presence of Slovakia in the Western Balkans in the last decade has not been matched with the rising importance of Slovakia as a trade partner or investor. To foster its “economic diplomacy”, Slovakia needs to intensify its internal coordination between all the involved stakeholders, including the Ministry of Foreign and European Affairs, the Slovak Investment and Trade Development Agency, and other relevant actors. Specific attention should be paid to the needs of small- and medium-size enterprises.

Perhaps the biggest challenge for Slovakia and its like-minded partners in the EU (including other V4 countries) will be to maintain the enthusiasm for the EU membership in the Western Balkan countries on the one hand, and attract the interest of other EU countries for the enlargement process on the other.

## Conclusions

There are no doubts that membership in the EU provided Slovakia with several important benefits. Despite the economic crisis, the GDP of Slovakia increased significantly in the last decade. To a significant extent, this happened thanks to a consequent implementation of profound reforms, especially the tax reform which played an exceptional role. However, the lack of consensus needed for the continuation of some reform processes among the most important political stakeholders resulted in the exclusion of Slovakia from the group of regional reform leaders. As a full member and recipient of EU funds, Slovakia also had the chance to modernize and profit from the cohesion policy. Nevertheless, it seems that this opportunity is not going to be fully used since the country will most probably not spend all the funds allocated for the 2007-13 period.

From an institutional point of view, in the first ten years of the membership, Slovakia has been mostly concentrated on the goal of catching up with the political and economic mainstream of the EU. To a large extent, Slovakia's EU policy has been subject to the follow-on imperative of its accession policy. Nevertheless, the Slovak Republic became the most integrated country of the V4. The accession to the Eurozone can be considered as a real

milestone in the post-accession period, which also brought Slovakia a certain political significance. However, it seems that none of Slovakia's Visegrad neighbors is going to adopt the single currency in the near future, which means that Slovakia is obliged to look for other (than V4) coalition partners in the Eurozone in order to pursue its interests.

In all four areas, Slovakia has behaved more as a policy-taker rather than a policy-mover. In some fields, especially those connected to justice and home affairs, Slovakia even performed as a policy-killer. In the area of external relations, Slovakia was a more successful policy-mover on the level of the V4 than on the EU level, though Slovak diplomacy achieved some successes in the field of enlargement policy towards the Western Balkans.

In most cases, Slovakia benefited from cooperation in the Visegrad format. With the exception of the Eurozone, the V4 countries are usually among the closest partners of Slovakia. There is a high probability that similar model of cooperation will continue in the future. On the other hand, it is highly recommended that Slovakia define more precisely its membership priorities and also concentrate on those areas where it has not been active yet. By achieving a "mature member" status, Slovakia – in cooperation with other like-minded countries – could become a more active and responsible policy-mover.



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