POLICY PAPER

Slovakia
Institutions and EMU

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Argument

Until recently Slovakia’s sole EU preference since its entry in May 2004 was Bratislava’s full-fledged membership in the European Union. The extent to which Slovakia’s policies in the EU are reduced to following the logic of the accession treaty is striking. The country’s policy stances inside the EU have followed the overarching goal of catching up with the political and economic mainstream of the Union. On the one hand, most politicians in Slovakia have accepted the existing level of European integration without questioning it fundamentally. On the other hand, they have not come up with a set of their own 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. Since the eruption of the financial and debt crisis in 2009, Slovakia entered into a new phase of its European debate concentrated on costs associated with maintaining Slovakia’s position inside the Eurozone. This debate culminated in the fall of the Iveta Radičová government in 2012 due to coalition division over the increase of the EU bailout fund. However, the discussion about increased costs of European integration has since subsided and it has not fundamentally undermined domestic consensus about Slovakia’s position in the political core of the Union.

These positions can be explained through the formative role of Slovakia’s EU accession process that not only helped settle the country’s state-building questions and solidified the pro-integrationist consensus of politicians, business and the public but also created persisting institutional arrangements that highlight the importance of expertise in deciding and coordinating domestic policy in EU affairs. In sum, Slovakia’s EU policy is largely subject to the continuing imperative of its accession policy. Although Slovakia had minimized the start-up costs of its EU policy by taking on its accession practices inside the EU, in institutional dealings with the EU the country has relied heavily on the experience of the past. This has bearings on its policymaking since Slovakia’s EU preferences are principally a result of past pledges and not a product of broader political debates and strategic planning. Slovakia is still struggling with the rest of the EU rather than struggling domestically on the nature of the EU. Therefore, we argue that Slovakia’s commitment to the accession treaty and especially its entry into the Eurozone continue to enjoy widespread political and economic support, however, this support is potentially fragile and can be seriously questioned once Slovakia’s financial gains from European integration through structural funds weaken.

Completion of EU membership

In the first six years of EU membership, Slovakia’s public European discourse centered around one dominant theme: the achievement of full-fledged integration into the European Union. Hence, the main policy goals were to join the Schengen area at the end of 2007 and the Eurozone in 2009 as well as the aim to lift transition periods on the free movement of persons as soon as possible. In this sense there has been a remarkable continuity between the center-right government of Prime Minister Dzurinda and its successor since 2006, a coalition led by Prime Minister Robert Fico and his dominant party SMER-SD (SMER-Social Democracy). At the same time there has been remarkably little domestic debate on the quality or the timing of Slovakia’s accession-related priorities. Instead, the debate was carried out between Slovak and EU officials.

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1 The one recent exception to this trend was Prime Minister Robert Fico’s role in initiating the European Nuclear Forum together with the Czech Republic.


3 Slovakia’s current government is composed of the dominant party SMER-SD (SMER-Social Democracy) led by Prime Minister Fico and two coalition partners – The Slovak National Party (SNS) led by Jan Slota and the Movement for Democratic Slovakia (HZDS) led by Vladimir Meciar.
Fight for the euro

Slovakia’s priorities in the EU have followed the contents of the Treaty on Accession signed in April 2003. Despite initial doubts about its fiscal responsibility, the then government had lived up to its program manifesto from 2006 when it declared that “it will closely coordinate its policies in the spheres of economy, finance, budget, taxation, state-aids, prices, investment...as well as the structure and volume of public income and outlays with the monetary policy of the independent National Bank of Slovakia with the goal to introduce euro on January 1, 2009.”

In 2006 Fico’s government introduced relatively symbolic increases in public spending through Christmas bonus for pensioners. It also lowered value added tax rate from 19 percent to 10 percent on certain products, such as medications. After the first months of Fico’s tenure a former Finance Minister Ivan Miklos argued that the new government had introduced numerous changes to the tax code and these could deepen the budget deficit and thereby threaten the adoption of the euro in 2009.

Yet the events of 2007 indicate that the then government’s policies brought cosmetic rather than fundamental changes to the economic and tax system of the Dzurinda-led coalition from 2002 to 2006. On December 3, when Prime Minister Fico introduced Slovakia’s convergence plan to the European Commission, he said convincingly that the goal “to enter the Eurozone in 2009 is realistic and the government will do everything to achieve it.” In 2008 various interpretations over the substance regarding the fulfillment of the Maastricht criteria placed a question mark on Slovakia’s entry into the Eurozone. The skeptics and critics especially from the European Commission questioned Slovakia’s sustainable ability to deliver upon the Maastricht criteria. They pointed especially to the example of Slovenia that experienced high inflation after having launched the single currency in 2007. The European Commission’s analysis of Slovakia’s convergence program published on January 30, 2008 identified inflation as the greatest potential risk for Bratislava’s performance inside the euro group. The European Commission (EC) recommended tighter budgetary policy whereas Slovakia’s government pointed to its thrifty policy thus far.

The fight between Slovak officials and the EC was resolved on May 7, 2008 when the Commission recommended the adoption of the euro in Slovakia on January 1, 2009. The European Council conclusions of June 20 sealed the Commission’s recommendations and on July 8, 2008 the EU set the conversion rate for the exchange of Slovak koruna for the euros at 30.126 SKK per 1 euro.

Slovakia was the second post-communist EU country to adopt the euro. Whereas Slovenia’s entry into the Eurozone in 2007 for economic reasons was no surprise, Slovakia’s adoption of the euro came to many observers as a surprise. The past decade was characterized by Slovakia’s drive to catch up with its neighbors in integrating with the West and in the coming years, we can watch which of the post-communist states may follow Slovakia’s path. Had the Commission written a negative verdict on Slovakia’s aspirations, it would have likely stopped the expansion of the euro to post-communist Europe for some time. The green light for the euro in Slovakia right before the effects of global financial crisis hit the EU in 2009 opened up...

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5 CTK, September 29, 2006.
6 TASR, 3 December 2007.
the possibility of euro enlargement to other new member states.

Grand institutional bargains

It is somewhat of a paradox that Slovakia’s most elaborate position on EU affairs was adopted before accession in preparation for the Intergovernmental Conference in 2003. A special cabinet meeting held on October 2, 2003, two days before opening the Intergovernmental Conference in Rome, approved the country’s official position, as several ministers were called back from their business trips abroad finally broke the cabinet’s deadlock. During that time, Slovakia outlined a very elaborate set of preferences for the EU Constitution when it endorsed changing the document’s title into the EU Constitutional Treaty, supported a reference to Christian values in the Preamble of the Constitutional Treaty and advocated changing the proposed Article I-24 so that a qualified majority comprised at least 60% of all member states and 60% of the Union’s population. It also stood by the principle of unanimity to be sufficient guarantee that further areas of EU competence would not be subject to decision-making by a qualified majority, unless approved by all member states.

The Slovak Republic did not support any proposals that sought to extend qualified majority decision-making to social policy, taxation and economic and social cohesion. Slovakia was also prepared to defend the principle of unanimity in the field of criminal law, judicial and police cooperation, asylum and immigration procedures, and culture. The country was determined to open the issue of the European Commission’s make-up in favor of preserving the “one country – one commissioner” principle that guaranteed equal position of all Commission members. Along with other countries, Slovakia opposed establishing the post of a permanent chairman of the European Council and advocated preserving the Council’s rotating presidency.

While the final text of the EU Constitution signed in October 2004 assured Slovakia that its veto in tax policy and in defense matters would be preserved, in other areas of policymaking 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 a qualified majority vote. Also, Slovakia did not succeed in its official attempt to incorporate a reference to Christian values into the document’s preamble. More importantly, while it initially favored the voting mechanism defined by the Treaty of Nice, the country’s leadership accepted a new definition of a double majority for decisions taken by qualified majority in the Council of Ministers. Finally, contrary to Slovakia’s preferences for keeping the rotating EU Presidency and maintaining the rule of ‘one state – one Commissioner’, the EU Constitution introduced a personified Presidency of the European Council and prescribes that the number of EU Commissioners will ultimately drop to two thirds of EU member states. Slovak 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 official Slovak position for the IGC did not appear in the final text of the EU Constitution.

Since hardly any of Slovakia’s priorities for the IGC came to fruition, the lesson of Slovakia’s behavior around the negotiation of the EU Constitution has been its virtual silence during the subsequent reflection period after the failed referenda on the EU Constitution in France and the Netherlands in 2005 as well as during negotiations of the Lisbon Treaty. The so-called reflection period has produced a rather limited debate both on the fate of the EU Constitution and on the future of the EU more generally. The government’s strategy can largely be summed up as a wait-and-see approach. In the run-up to the parliamentary elections in Slovakia held on 17 June 2006, Slovakia’s political parties hardly mentioned the issue of the EU Constitution and they only marginally touched on the broader question of the future of the European Union.

The largest opposition party and winner of the parliamentary elections on 17 June 2006, SMER-Social Democracy (SMER-SD), did not mention the issue of the EU
Constitution in its electoral manifesto at all. Former Prime Minister Mikuláš Dzurinda’s Slovak Democratic and Christian Union – Democratic Party (SDKÚ-DS) did not mention explicitly the EU Constitution either but it did outline several institutional and political priorities for Slovakia in the European Union, such as the importance of the successful completion of the 2004 enlargement, especially through the full implementation of the four EU freedoms across the whole Union and through the extension of the Schengen area to new member states.8

Among other current parliamentary parties, the Christian Democratic Movement (KDH) seems most specific in its stance. It stated in its electoral manifesto for the 2006 parliamentary elections that it would initiate a declaration on Slovakia’s tax supremacy, which was going to protect the country’s sovereignty to decide on direct taxes in the European Union. KDH sees the EU as a treaty among states and “is therefore against the EU Constitution”, which it views as a significant step toward the creation of a European state and a substantial transformation of European integration into a process that threatens the national and economic interests of Slovakia. KDH was also against repeating a ratification of the EU Constitution after its rejection in the Netherlands and in France.

The Slovak coalition government headed by Prime Minister Robert Fico stated in its program manifesto in 2006: “Slovakia will support the continuation of the ratification process of the Treaty on the Constitution for Europe. In the interest of reaching an agreement, it will not avoid further discussion on the simplification of the European legal system, on clearer delineation of competencies between the EU and member states and on creation of an effective system of decision-making of the enlarged Union.”9 A discussion paper by the Ministry of Foreign Affairs outlined various possible scenarios of how to proceed further with the reform of EU institutions. The Foreign Ministry outlined three possible ways of salvaging the EU Constitution: through selective opt-outs, through new elements in the text – such as some form of a social declaration and through a pan-European referendum. Other alternatives also mentioned in a paper by the Foreign Ministry include the previously discussed “Nice plus” and “mini treaty” scenarios as well as a possible incorporation of parts of the EU Constitution in Croatia’s future accession treaty.10 During the European Council meeting in December 2006 Prime Minister Fico said: “…it is about the will of some states to ratify this constitutional treaty.” Fico also added that Slovakia “expressed its view in parliament and we belong to countries that actively support this process.”11

However, by the end of its presidency in the EU in June 2007, Germany announced the death of the EU Constitution and member states adopted the mandate for a new IGC launched during the Portuguese presidency of the EU in the latter half of 2007. The majority of Slovak politicians welcomed the process and were ready to sign the Lisbon Treaty in December 2007. In fact, there was only one parliamentary party – the opposition party the Christian Democratic Movement (KDH) – that did not support the


9 Author’s translation from Programové vyhlašenie vlády Slovenskej republiky, august 2006.

10 See Discussion Paper – Zmluva o Ústave pre Európu, presented by the Ministry of Foreign Affairs of the Slovak Republic during a conference „Ako daň leží s inštitucionálnou reformou EU” held in Bratislava on 28 November 2006.

adoption of the Lisbon Treaty. The members of parliament representing KDH used the same arguments against the Lisbon Treaty that they used in opposing the EU Constitution. They objected to the legally binding nature of the Charter of Fundamental Rights and criticized further transfer of competencies to the level of the EU. However, all other parliamentary parties have consistently favored the adoption of the Lisbon Treaty that was – despite domestic problems – approved by Slovakia’s parliament in the spring of 2008. The grand bargains on EU primary law thus gradually changed from an initial opportunity to debate the nature of the EU to documents that Slovakia merely ended up signing up to.

Debt Crisis and post 2010 developments

The EU debt crisis, which started in 2009 and was largely, at least temporarily, terminated by the ECB’s commitment in September 2012 to effectively buy unlimited bonds issued in the EU, led to the biggest crisis in Slovakia’s European policy. Prime Minister Iveta Radičová led a center-right coalition government from 2010 until its fall in October 2011. The government fell over a vote on the increase of the so-called EU bailout fund (EFSF12). While 140 MPs out of the total of 150 supported the establishment of the EFSF, the Eurosceptic coalition party Freedom and Solidarity (SaS) in Radičová’s government did not support the increase of the EFSF in 2011. Since Prime Minister Radičová tied the vote on the bailout fund to a no-confidence vote for the government, her cabinet fell.13 SMER-SD secured an agreement on early elections and then supported the increase of the EU bailout fund. Hence, the issues of financial costs and domestic politics became crucial in Slovakia’s debate on solidarity in the name of the future of Eurozone. Yet, the country never threatened to undermine the EU deal. There was sufficient parliamentary majority in favor of a bigger bailout fund, however, only at the expense the government’s fall and new parliamentary elections in March 2012.

Despite this crisis, Slovakia remains a unique case among the V4 since the country has completed its main post-2004 membership goals and institutionally has entered the core of the EU since its Eurozone entry in 2009. The debate on the EU is framed largely by the country’s membership in the Eurozone and a relatively high degree of public consensus about continued benefits of European Union membership prevails. The latter has been solidified since 2012 when the current single-party government led by the Prime Minister Robert Fico came to power. Slovakia’s key goals are the successful overcoming of the crisis, maintenance of a sound common currency and an internally cohesive single market. In addition, preparation for the EU presidency in 2016 is another major domestic strategic objective.

While there is not a single document explaining Slovakia’s priorities, the single party government of SMER-Social Democracy (SMER-SD) led by Prime Minister Fico since April 2012 has articulated a much clearer political line vis-à-vis EMU than its predecessor. Slovak leaders view the

12 While there is a broad political consensus in favor of ratifying the Lisbon Treaty through Slovakia’s parliament and no major political force has seriously argued in favor of a referendum, the members of the political parties in opposition (the Slovak Christian and Democratic Union-Democratic Party – SDKÚ-DS, the Christian Democratic Movement – KDH and the Party of Hungarian Coalition - SMK) refused to vote in favor of the Lisbon Treaty unless the government changed the contents of the proposed media law that according to the opposition could restrict the freedom of speech in Slovakia. Since the governing coalition composed of three parties (SMER-Social Democracy – SMER-SD, the Slovak National Party- SNS and the Movement for Democratic Slovakia – HZDS-LS) controls 85 seats in Slovakia’s parliament, it needed the support of the opposition MPs in order to secure the three fifths majority (90 out of the total of 150 MPs) necessary for successful ratification of the Lisbon Treaty. Hence, the Lisbon Treaty became a victim to a political dispute over another piece of legislation. See more for more detail at http://centreforeuropeanreform.blogspot.com/2008/02/slovak-roadblock-for-lisbon-treaty.html
13 European Financial Stability Facility.
year 2012 as a breaking point for the Eurozone because in addition to crisis management, the EU began to work on systematic steps toward a new EMU architecture. Slovakia has firmly positioned itself as a part of the northern group of countries (together with the Netherlands, Finland and Germany) emphasizing economic and fiscal responsibility and calling for more Europe in economic and monetary matters. Slovakian Ministry of Finance has been playing a crucial role in delineating the country’s strong position on fiscal responsibility. However, the government of Prime Minister Fico has more recently presented a more balanced approach in support of measures favoring stronger economic growth. This in part reflects potential domestic difficulties in sustaining Slovakia’s fiscal commitments. Hence, the image of a country belonging to northern EU economies could suffer. With respect to the overall future architecture of the Eurozone, Slovakia has consistently raised two main points. First, the country is concerned about the fragility of new rules and the weakness of institutions designed to guard them, especially the European Commission. In May 2013, the Deputy Prime Minister and Foreign Minister Miroslav Lajčák was openly critical of the European Commission’s lenient approach toward the problem of France’s deficit. Second, Slovakia has consistently underscored the principle of openness in the EMU. The crisis should not entrench new dividing lines within the EU and within the Eurozone.

**NEXT TEN YEARS**

**Top policy priorities**

1. Slovakia wants to keep its solid place in the EU’s institutional core while keeping it open to other member states. In the past decade, Slovakia has gradually become a part of the most advanced level of integration inside the European Union. The goal for the next decade must be to keep this position, while also keeping the door to the EMU open for other member states. Slovakia has welcomed the recent enlargement of the Eurozone to Latvia and Lithuania and continues to support the efforts of the V4 neighbors in their efforts and commitment to adopt the euro. The current tense geopolitical situation marked by continued conflict in Ukraine, together with increasing currency fluctuations of the Hungarian forint or Polish zloty, create additional contextual reasons for working towards Eurozone enlargement while respecting domestic prerogatives and individual deadlines and preferences in other V4 member states. Following the end of an acute phase of the Eurozone crisis in 2013, today’s setting of the EU shows less firm dividing lines between the Eurozone and the rest of EU member states, especially the V4 countries whose legal goal is to adopt the common currency.

Slovakia supported the creation of the fiscal union and was keen on strict adherence to the agreed rules. It also was in favor of the EU’s legislative six-pack and two-pack, which tightened fiscal oversight and allowed for a greater role of the Commission in the preparation and adoption of annual national budgets. Slovakia is likely to remain in the camp of countries supporting overall fiscal responsibility. Slovakia’s government led by Prime Minister Fico government was critical, for instance, of the way the EU has dealt with France’s continued excessive deficits. Similarly, Slovakia has been in favor of developing insurance schemes for the common currency. The current government led by Robert Fico adopted the European Stability Mechanism (ESM) and has supported steps in favor of the banking union, provided the banking union will not undermine the sound financial status of Slovakia’s main banks. Today, further development of a banking union depends more on the role of the bigger member states such as Germany who has acted as a brake on the whole process so far. Equally, the soundness of the...
fiscal union depends much more on EU’s ability to handle the situation in Greece, France and Italy in the coming months. In short, during the next decade Slovakia will likely remain committed to the EU’s institutional core and support gradual steps toward firmer foundations of the Economic and Monetary Union.

2. **Keeping the EU together even without treaty change.** Another institutional priority for Slovakia will be keeping the EU together. The cohesion of the Union is not just a matter of a Eurozone open to candidates for adopting the euro. The Eurozone crisis initially deepened the dividing lines across the EU. Most notably, it opened the question of the future of British membership in the EU. But even across the Visegrad group it set in deeper institutional and political dividing lines between Slovakia and the Czech Republic, for instance vis-à-vis the Fiscal Compact or the Eurogroup, to which Prague belongs to neither. Today, specific governance questions (e.g. fiscal rules and the adoption of fiscal compact outside the treaties) beg for a treaty change for the EU. The consequences of recent crisis management have been far-reaching for the EU’s rules and commitments. Yet, changing the EU treaties with the aim of consolidating the changes necessitated by Eurozone crisis management is not politically feasible at the moment. Still, the overall coherence between the Eurozone and the rest of the EU is of paramount interest to Bratislava. Slovakia, as a small, export-oriented industrial economy, has viewed membership in the Eurozone as a logical step complementing and reinforcing the benefits of the common market. Hence, it is in the interest of Bratislava to preserve a functioning common European market and foster clear links between Eurozone and non-Eurozone members.

   Rather, the main problem is the United Kingdom’s call for revision of the EU treaties as it attempts to soften rather than strengthen the Union’s primary law. The UK’s government has promised to hold a referendum on British membership in the EU should the current Prime Minister Cameron succeed in parliamentary elections in 2015. The potential opening of the treaties in the current political climate would very likely lead to a protracted process of negotiations in which not only London would be asking for concessions but also other countries would raise specific requests. For instance, France is keen to change the acquis on economic governance to focus on growth and social solidarity and on enlargement to halt the process of EU expansion. Therefore, a treaty change in coming years is not realistic and the challenge to EU unity may deepen. The Slovakian leadership in the future will have to work towards EU unity without treaty change and thus work more on practical and gradual changes to the EU secondary law and to existing political agreements among member states.

3. **Back to more business as usual and less crisis management in a new institutional setting.** The debt crisis and recent external challenges have initiated a number of new governance tools in the European Union, which effectively deepened the possibility of multi-tier Union. The current context offers an opportunity for greater institutional cohesion in the EU and more specifically in relations among Visegrad states. The new institutional cycle following the 2014 EP elections as well as the new Commission offers a renewed opportunity for more legitimate and workable institutional environment in the European Union. The choice of Jean-Claude Juncker and his Commission was accompanied by great expectations about the new management of the EU agenda. The structure of the Commission with Vice-Presidents charged with the coordination and leadership of groups of Commissioners creates in effect two levels of Commission members. It could facilitate both greater effectiveness and more political clout in decision-making processes. More broadly, the European Union has a chance to be more institutionally coherent after the acute phase of the euro crisis. The new President of the European Council Donald Tusk will chair both European Council summits and Eurosummit meetings.
The EU is likely to get to business as usual after the crisis with new and strong institutional legitimacy. Slovakia is keen on maintaining elements of Community method in the workings of the EU with practical focus on smaller political and legislative tasks.

The renewed focus on practical institutional solutions may also play an important role in the EU’s ability to deal with ongoing external crises, especially in the eastern neighborhood. The Ukrainian crisis is a challenge to EU governance because there are limits to the EU’s actions under the existing treaties. However, as mentioned before, for now the EU’s crises have to be tackled more creatively without treaty changes.

4. **Manage Slovakia’s EU Presidency in the second half of 2016.** Slovakia’s most tangible priority for the next two years covers preparation and management of the country’s EU Presidency, which will begin in July 2016. The Presidency will represent an opportunity both to test and improve the country’s administrative capacities. Slovakia is planning a relatively low-cost (estimates show figures between 60 and 70 million euros), Brussels-based presidency. While at least some 90 percent of the Presidency’s agenda will originate from the EU’s political and legislative calendar as well as from various internal and external crisis situations, Slovakia can also add some of its own priorities or emphasize certain elements of the EU’s agenda. These are likely to include reform of the EU cohesion policy scheduled to be launched in 2016, issues of energy security or social exclusion of long-term unemployed and disadvantaged.

Hence, Slovakia, presiding over the V4 until June 2015, is preparing for its first Presidency of the European Union to be held in the second half of 2016. Both preparations for, and the actual Presidency, represent an important institutional opportunity for a more focused intra-Visegrad cooperation, consultations and joint planning. Much of Slovakia’s agenda for the EU Presidency will result from the Union’s long-term priorities and more detailed legislative calendar. While the Presidency will not deal with foreign policy issues, which have become a clearer prerogative of the High Representative for the EU’s external relations and security policy as well as for the permanent President of the European Council, one of its tasks is almost certainly going to involve contributions to the recent deceleration of the Union’s internal crisis.

Although the Union has been back to business as usual since 2013, it still has yet to inject confidence building measures in economic policy and both internal and external economic security. Hence, Slovak EU Presidency presents an opportune framework for Central European dialogue on further moves on banking union which has stalled also thanks to German resistance since 2013. It creates an institutional opening for pushing concrete steps towards the creation of the EU’s energy union which would represent an important safeguard for Visegrad countries. Overall, the period before Slovakia’s Presidency can be a good timeframe to launch a greater regional debate on both the achievements of the EU’s crisis management tools in and outside the Eurozone and on the overall coherence of the European Union’s institutional framework.

**Other priorities, challenges**

Despite differences in national preferences or practical commitments to the Eurozone, the current context of the European Union offers more challenges. In short, the EU governance and reform agenda piled up while the European Union and Eurozone were overcoming the common currency’s crisis. In addition to the continued fragility of the Eurozone, however, the European Union is now facing additional external crises, specifically in Ukraine, in northern Africa – specifically in Libya and in the Middle East with the emergence and spread of the Islamic State (ISIS).

Slovakia needs a basis for regular and open discussions on both EU strategy toward the eastern neighborhood which includes Russia and on specific
governance tools. These could include establishment of a specific Mr. or Mrs. Ukraine within EU institutions to help facilitate the EU’s approach to Ukraine’s reform process as well as to finding settlement to the conflict in Donetsk and Luhansk. Strategic debate with implications for EU governance should also include the final goal of the association process whereby today the Union is using it both as a substitute to accession as well as possible pre-accession for eastern neighbors. This relates to both substance and tools of EU conditionality. While the European Union continues to take on new commitments through ratification of association agreements and Deep and Comprehensive Free Trade Areas (DCFTAs), it seems to lack instruments to push through with its implementation.

In light of Russia’s actions in the Eastern Partnership countries, territories and security as well as trade and wider economic relations with the EU are under constant threat and pressure.

Apart from the EU environment, Slovakia faces a number of internal challenges that may make the overall attempts to remain in the institutional core of the EU difficult in the coming decade. Although Bratislava has managed to enter the institutional core of the EU, it has not been equally successful in entering into the economic core of the EU. Although Slovakia has become a much wealthier place since its EU accession, the country’s ability to benefit from EU funds is still weak. By the end of 2015 Slovakia is likely to be in the position of a country that will claim hundreds of millions or even several billion euros of unused EU structural and cohesion funds initially allocated to Bratislava for the 2007 – 2013 EU financial period. In short, the country’s position in the political core of the EU has not been complemented with the corresponding use of benefits aimed at achieving even greater economic advancements. Similarly, the conflict in Ukraine and Russia has put Slovakia on the strategic edge rather than in the core of the EU, with Prime Minister Fico consistently attacking EU sanctions against Russia.

Consensus

There has been a high degree of domestic political consensus around EU issues. The fall of the Radicova government in 2011 was more of an exception to this rule than a trend. Yet, the changing patterns of public opinion in relation to issues such as financial bailouts or refugees together with the dominance of relatively consensual but publicly disengaged political elite make the consensus in Slovakia’s EU issues, including EMU and institutional issues, quite fragile. An illustration of this is the outcome of Slovakia’s EP elections in 2014.

The so-called “Slovak paradox” characterized by high trust and support for the EU and low turnout in EP elections reflects especially the fact that key political actors – namely political parties – tend to ignore the EU agenda and especially the EP. Parties and public institutions have made no systematic attempt to connect domestic politics and public debates to MEPs or events in Brussels more broadly. Nevertheless, Slovakia continues to enjoy a high level of public consensus regarding the financial, economic and strategic benefits of EU membership. Political debate about the EU is limited to distributional issues such as the use of structural funds and increased costs associated with Eurozone membership and with bailout funds and new insurance schemes for the common currency.

In general, reasons for the low turnout in Slovakia have a lot to do with national political parties systematically ignoring the European Parliament. Political parties are motivated neither politically (there are few divisive issues vis-à-vis the EU) nor financially (unlike in other Visegrad countries, there are no financial compensations from the state for the seats gained in EP elections). In most cases the electoral campaign lasted for about three to four weeks and its costs and intensity were a fraction of campaign efforts witnessed in national parliamentary elections. Political parties offered generally low-key, previously defeated or discredited candidates on their European Parliament electoral lists. The few exceptions to this trend could not significantly increase the turnout figure. Hence, the campaign was largely about mobilizing the core of each
party and in many respects depended on abilities of each individual candidate.

**Impact at the EU level**

The debate on the EU is framed largely by the country’s membership in the Eurozone and still a relatively high degree of public consensus about the continued benefits of European Union membership. The latter has been solidified since the current single-party government led by Prime Minister Robert Fico came to power in 2012. Slovakia’s key goals include successful overcoming of the crisis, maintenance of a sound common currency and internally cohesive single market. In addition, preparation for the EU presidency in 2016 is another big domestic strategic objective.

While there is not a single document explaining Slovakia’s priorities, the single party government of SMER-Social Democracy (SMER-SD) led by Prime Minister Fico since April 2012 has articulated a much clearer political line vis-à-vis EMU than its predecessor. Slovakia’s leaders view the year 2012 as a turning point for the Eurozone when in addition to crisis management the EU began to work on systematic steps toward a new EMU architecture. Slovakia has firmly positioned itself as a part of the northern group of countries (together with the Netherlands, Finland and Germany) emphasizing economic and fiscal responsibility and calling for more Europe in economic and monetary matters. Slovakia’s Ministry of Finance has been playing a crucial role in delineating the country’s strong position on fiscal responsibility.

However, the government of Prime Minister Fico has more recently presented a more balanced approach in support of measures favoring stronger economic growth. This reflects in part potential domestic difficulties with sustaining Slovakia’s fiscal commitments. Hence, the image of a country belonging to northern EU economies could suffer. With respect to overall future architecture of the Eurozone, Slovakia has consistently raised two main points. First, the country is concerned about fragility of new rules and weakness of institutions designed to guard them, especially the European Commission. In May 2013, the Deputy Prime Minister and Foreign Minister Miroslav Lajčák was openly critical of the European Commission’s lenient approach toward the problem of France’s deficit. Second, Slovakia has consistently underscored the principle of openness in the EMU. The crisis should not entrench new dividing lines within the EU and within the Eurozone.

When it comes to the three pillars of the banking union, the single supervision poses the least problems and was, in principle, accepted by Slovakia as a Eurozone member which in fact sees very tangible benefits of a common banking supervision when the single scheme is going to include “Slovak eyes” that may help guard domestic interests in a much wider European context.

Slovak diplomacy seems to hold the view that although changes within the existing treaty framework will be attempted, not everything can be achieved within the current system and a treaty change will eventually become indispensable. While this is not the issue of the day, debates among practitioners and experts have raised the possibility that Slovakia’s EU presidency in the second half of 2016 may well have to steer the anticipated debate on a possible EU treaty revision. More likely, the impact of the EU Presidency will, however, be in specific policy areas, such as the energy union or reform of the cohesion policy mentioned above.

**Coalitions**

On the EMU Germany remains the main reference point. However, other countries, which are perceived as a part of the economic north, are natural allies of Slovakia in this respect. Hence the V4 and the Baltic states plus Germany and on certain issues Finland or the Netherlands form a group of close coalition partners on the EMU. On other institutional issues, coalition possibilities are much wider, though most of these partners have strong interest
in keeping the UK inside the EU and maintaining a functioning single European market.

Today there are two types of opportunities for attracting more attention to the V4 plus formats of dialogue and cooperation both at a working and political level. First, with the new institutional cycle of the European Union and continued day-to-day business of policymaking as well as crisis management, the need for successful coalition-building has become even more pressing. The EU’s main internal challenge at the moment is achieving sustainable economic growth. Politically, the biggest questions concern the state of the EU’s large southern economies, France and Italy. Germany is already seeking allies for its activities to pressure Paris and Rome towards reforms. The Visegrad countries represent both a decent example and credible voice in support of structural changes but also basic fiscal commitments by EU member states.

Second, while the internal crisis has become less acute, the European Union member states have to confront a pronounced external crisis in Ukraine which binds Germany and the Visegrad group in both geopolitical and policy terms. While there have been different reactions to the war in Ukraine across Central Europe, there are also some overlaps between Germany and the Visegrad countries. These could and should be explored for the sake of future governance of the European neighborhood policy and especially the Eastern Partnership which has become a real problem. The European Union is taking on new governance commitments with the association agreements and DCFTAs offered to Ukraine and other eastern partners without offering coordinate and commensurate steps toward stronger institutions and tools for the European Union. While the debt crisis led to new governance structures both within EU treaties (e.g. legislative six-pack and two-pack) and outside the treaties (e.g. fiscal compact), the foreign policy crisis seems so far unlikely to produce similarly far-reaching changes to EU governance or let alone open the question of EU treaty change.

In addition to policy problems such as growth and management of crises, there is a particularly good moment for considering a launch of more intense and regular V4 plus Germany working formats. The favorable timing stems from the start of a new EU institutional cycle and a shared sense of ownership and strong legitimacy of EU institutions since the EP elections in 2014, which have empowered the EU politically. While Germany is now less focused on legal issues in the EU including the issue of treaty change, it has also shown a lot more support for the new European Commission and the new approach to the appointment of Jean Claude Juncker as the Commission’s President. Germany’s political parties are committed to greater political legitimacy for the Commission.

Although Berlin was very critical toward the last Barroso Commission, Germany has been keen to see a new, more political Commission. It is in favor of new internal workings of the Commission with two levels of Commissioners and less frequent meetings of the college. The new setup of the Commission with stronger coordinating and leadership roles for Vice-Presidents should both streamline and speed up decision-making on important issues. It essentially opens up more space for the EU to focus on practical, targeted policy outcomes. At least in early stages of this institutional cycle Germany and the Visegrad countries are more likely to view the Commission with similar degrees of seriousness. While the Visegrad countries have historically been in favour of the community method on many integrated policy issues, the new Commission, also supported by Germany, combines the community approach with a greater attention to subsidiarity through its two-level legislative screening process and the role of the 1st Vice President of the Commission Mr. Timmermans who is tasked with reviewing and sorting out unnecessary legislative initiatives.

Yet, these institutional opportunities carry also political risks and legal uncertainties. There are longstanding limits to V4 policy coherence. Recent examples include varying positions towards the crisis in Ukraine and EU sanctions imposed on Russia or political and economic interests in energy security issues connected to the war in eastern Ukraine. Apart from policy preferences, the Visegrad group faces the reality of differing institutional commitments to the EU rules. Slovakia is in the Eurozone like Germany or Bratislava’s western neighbor Austria, while other members of the group are not. The Czech Republic did not sign up to
the fiscal compact, therefore institutional positions of the four countries differ significantly. However, while this issue played a greater role during the acute phase of the debt crisis when Eurozone summits dominated the EU’s agenda and decision-making, these differences between ins and outs of the Eurozone are less relevant today.

Conclusions

If the V4 is to have a common voice we need to look at recent examples of success in the EU format and learn from these for future dialogues with the Visegrad’s strategic partners. The European Council in October 2014 addressed and concluded a deal on climate change. The Visegrad group worked hard collectively in the run-up to the summit and was able to present a common, coherent and thus comparatively strong voice on key goals and priorities of the region in the European Union’s deal on climate change, emission reduction and efficiency targets for 2030. One of the broader lessons of this recent experience points to the indispensable role of the Visegrad presidency in initiating and steering the process for regional voice and agenda setting in the EU.

Dialogue between Slovakia and other partners in the V4 and beyond would benefit greatly from a more systematic approach and planning by each individual presidency both on the formats as well as the substance of communication between the Visegrad countries and their partners. This demands clear and targeted agenda setting for the V4 plus formats. The Visegrad presidencies should track strategic and legislative agendas on the EU timetable and initiate early planning dialogue on possible common approaches, specific discussion points and decisions in the fields of regional importance such as infrastructure investment including cross-border projects (Junker’s investment fund is especially pertinent), energy union and security, economic governance, trade policy, external relations.

In the past, the Visegrad group was most successful in speaking with one voice on specific issues of joint political importance that dealt with financial and distributional aspects of European integration. At the same time the Visegrad countries have been much better at drawing both individual and collective red lines on agendas and decisions that they do not want to deal with or see fly in the European Union. Today’s EU realities of continued crisis management and internal fragility call for a broader focus of policy issues across Visegrad and in individual member states. While the V4 should clearly continue to communicate its financial and economic interests and outline the limits of Central Europe’s political preferences, it is also important for the Visegrad to define a more positive agenda for the European Union. Hence a stronger common positive voice on the EU’s fiscal capacity, growth and employment strategies and measures as well as outreach and commitment to the EU’s neighborhood are more likely to attract attention and achieve results in Visegrad cooperation and at the EU level.

One way to explore this new institutional and governance agenda is to foster greater dialogue and research based outputs of Visegrad think-tanks. Expert groups in regional formats could serve as precursors and testing grounds for debates and ideas on common platforms for future policy-making exercise.