EUROPEAN INTEGRATION OF THE WESTERN BALKANS - CAN THE VISEGRAD GROUP COUNTRIES SERVE AS ROLE MODELS?
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Summary of the Study

1. Introduction

The year 2014 marked a decade of the biggest enlargement in the history of the European Union (EU). The “Big Bang” enlargement brought new priorities, new challenges and new actors to the EU scene. For that reason, 2014 was the year of the comprehensive assessment of achievements and failures of the enlargement. There was a serious re-examination of the existing policies, including the enlargement policy, and launching of new ones. It is evident that new priorities emerged in the negotiating process with the candidates and potential candidates for the EU membership, and that the relative weight of the EU Eastern Policy comparing to the enlargement towards the Western Balkans has increased. There is a general view that the enlargement policy has been one of the most successful policies of the EU, greatly influencing the developments in new member countries but also changing the EU itself and its international position. But the process was not linear and uniform and the changes have not always been irreversible.

The collection of papers from four “new” EU member countries (the Czech Republic, Hungary, Poland and Slovakia) and one candidate country (Serbia) deals with the results of the great EU expansion in 2004 and its impact on internal reforms in the Visegrad Group countries (V4), as well as related adjustments within the EU. The project aimed to identify practical lessons for Serbia and the Western Balkans (WB) which could make the EU enlargement process towards this region faster and more efficient.

The balance of enlargement/accession for the V4 countries (successes and failures) is examined by each think tank organization. They provided five overviews of the results achieved in: 1) the field of foreign and security policy, 2) functioning of democratic institutions and the public administration reform, 3) use of EU funds, with the

1 After Croatia joined the EU in 2013, the Western Balkans includes four candidate countries: Albania, Macedonia, Montenegro and Serbia and two potential candidates: Bosnia and Herzegovina and Kosovo* (this designation is without prejudice to positions on status, and is in line with UNSCR 1244/99 and the ICJ Opinion on the Kosovo declaration of independence).

2 Center for Eastern Studies (Warsaw), CEU Center for Enlargement Studies (Budapest), European Movement in Serbia (Belgrade), Institute for European Policy EUROPEUM (Prague), and Slovak Foreign Policy Association (Bratislava).
impact on functioning of their economies and social systems, and 4) importance of regional structures during and after the EU accession. Achievements of the V4 countries in these areas since joining the EU have been an important incentive both for the Western Balkan countries and the EU in justifying further enlargement efforts, but also in identifying key strengths and weaknesses of the process. It was examined which interest groups were the main carriers of the integration processes, as well as what kind of political and institutional support they had. The same analytical procedure was used to determine the current position of Serbia, the progress which has been made, the biggest laggings, the sources of support, as well as the deceleration in the reform and European integration process. Each analysis includes recommendations to Serbia and WB countries in the proposed areas.

The V4 countries had a successful cooperation during the pre-accession period, which has been partly emulated by the Western Balkan countries. There were formal and informal formats of cooperation, which were combined: Central European Free Trade Area (CEFTA), as a contractual arrangement, and V4 as an informal high level forum for exchanging views on foreign policy and security issues and coordinating some of the related policies extending the areas of consultations after joining the EU. The Western Balkan countries have a myriad of cooperation arrangements in different areas led by CEFTA 2006, as an adjusted arrangement following the original CEFTA arrangement of V4 countries. The main assumption of this specific project is that there is a regional dimension in sharing experiences of the EU integration process both in the case of the V4 and the Western Balkans which justifies the chosen sample of countries for the analysis.

The project’s target groups are primarily decision makers in the proposed policy areas in Serbia and the Western Balkans. In the V4 countries and the EU, target groups are primarily those institutions, political and expert groups involved in the execution or approval of the enlargement policy.

Besides long-term cooperation of partner organizations, the project is meant to lead to cooperation with other Western Balkan organizations and major think tanks dealing with the enlargement process and the region, in order to be included in the mainstream debate in Europe and contribute to the creation of appropriate measures and policies for successful integration of the Western Balkans into the EU.

The project is expected to provide a framework for new endeavours, which would deal with the lobbying of different target groups in the V4 countries and EU for faster European integration of the Western Balkan region. Such a project would promote candidates and potential candidates in the region, and prepare political circles and wider public in the EU and V4 in particular for new members offering sound propositions and arguments for further enlargement.

2. General Findings

The initial position and unanimous political will of all V3 (1991) countries after the fall of the Berlin wall and later V4 (after dissolution of the Czech and Slovak Federal Republic in 1992) was to join the EU and NATO and to leave all the structures of the former Soviet block which collapsed soon after. Joining both organizations was a symbol of the return to the Free World from which they were excluded after the World War II. Creation of highly institutionalized regional structures among them was not on the horizon at that time, and it was only the pressure of the EU that made possible the establishment of CEFTA (1992) as their joint contractual arrangement on free trade. But, the Visegrad group emerged spontaneously, as an informal consultative framework on foreign policy, security and defence issues, contributing to the increased level of mutual confidence among the four countries and addressing similar issues they had in these areas.
In Serbia, the pre-accession situation is considerably different. The association and accession negotiations with the EU and cooperation with NATO developed in the post-conflict environment, with many unsolved issues with neighbours. The political will to cooperate regionally with other Western Balkan countries appeared only after certain structures, developed under the pressure of the EU, proved to be beneficial for all (i.e. Stability Pact for South Eastern Europe, CEFTA 2006, Energy Community Treaty, Transport Observatory for SEE and others). Other, parallel line of building mutual confidence in the region was through the South East Europe Cooperation Process (and Regional Cooperation Council as its operational arm), launched in the wider Balkan context in the year 1996. The growing political willingness to cooperate regionally manifested itself in dozens of new regional structures and initiatives emerging since the second half of the previous decade. This provides an appropriate ground for opening a permanent dialogue of the Western Balkan countries with the V4.

Today, EU accession represents the number one foreign policy priority in Serbia. Regional cooperation is stated to be the second one. Good relations with Russia proved to be the third, as well as increased cooperation with NATO as the fourth priority. These priorities show the complex and ambivalent foreign and security policy of Serbia which due to the Ukrainian crisis made it impossible for it to harmonize its positions with the European foreign and security policy stances in the extent it was done before.

Regarding the adoption of the acquis, the consequent institutional changes, and public administration reform in particular, experiences of the V4 provide a good guidance for Serbia and other countries in the region. Generally, the achievements in the V4 countries were considered satisfactory, although there were some failures and backwards driving processes, especially after the outbreak of the economic crisis in the EU. Internal economic, social and political answers to the crisis were different from country to country, and they brought different results. Thus, Poland became the most successful new member of the EU, not affected by the crisis; Hungary slid from the leading position to the last; while Slovakia and the Czech Republic remained in between. In general, democratic institutions were consolidated, national administrations reformed, and territorial decentralization accomplished in all V4 countries. However, transposition of the EU institutional patterns proved to be rather shallow and jeopardized by external and internal unfavourable developments.

Serbia and other Western Balkan countries are just at the beginning of this road, with the great burden of large and inefficient administration and with only partial and fragmented reforms in that area. Association and accession negotiations with the EU contributed considerably to the establishment of negotiating structures and supporting institutions and improvement of the intra-and inter-institutional coordination.

Regarding EU funds, V4 countries underlined their crucial impact on speeding up social and economic development, narrowing the gap between them and the “old” EU members, and decreasing income inequalities in some cases. They provided key inputs in development of infrastructure, regional and rural development, expansion of small and medium businesses and employment, as well as improvements in the areas of science and innovation. The main problem was the limited capacity for absorption of these funds which in some cases left almost half of allocated resources unused.

Serbia and other Western Balkan countries had the same problem of low absorption capacity, primarily due to the poor strategic planning of projects and programmes to be supported from the Instrument for Pre-Accession Assistance (IPA) funds. Limited management, monitoring and evaluation capacities, as well as disregarded sustainability of projects were some of other key problems in using EU funds. Despite all these difficulties, EU was the main donor and the greatest source of know-how for the countries in the region anchoring their overall reforms to the European future.
3. Lessons to be Learned

For all four Visegrad countries accession to both the EU and NATO are success stories. However, the economic effects of EU membership are not immediately visible and there are no automatic benefits. It took V4 countries about ten years to catch up. This is a matter that should be discussed more in the Western Balkans.

Presently, the Western Balkan region is composed of five countries and Kosovo entity with a population of about 20 million and a total economic output comparable to that of Slovakia alone. This is a clear sign that the region should find a way to improve its economy in order to follow-up to the political engagement taken more than a decade ago. The small size of all Western Balkan countries should be underlined so that, even if they are less developed, the cost of their membership will be minimal.

It is crucial to deal with the ‘frozen problems’ in the region that can explode at any time, considering the relatively low economic development level (30-36% of the EU average) – Bosnia and Herzegovina’s internal structure; Kosovo’s status; and name issue of Macedonia.

There are still many obstacles to the enlargement process in the Western Balkans caused by the economic crisis and ‘enlargement fatigue.’ The recent statement by the newly elected President of the new European Commission, Mr. Jean-Claude Juncker that no further enlargement will take place over the next five years sent a negative message about the future perspectives of EU enlargement. The region, indeed, is facing continuous domestic obstacles on the way to the Euro-Atlantic integration: first, internal disagreements; second, reforms which must be accelerated and consolidated; third, democratic foundations in some of the countries remain fragile; fourth, political leaders bear a huge responsibility to overcome differences in order to steer their countries and the region towards better governance; fifth, frequent ethnic turmoil.

Moreover, the enlargement environment is more disintegrated than ever with diverse paces of integration both in the EU and Western Balkans. There is a different negotiation technique required in comparison with the earlier times (more chapters, interim benchmarks, equilibrium clause and additional emphasis on economic criteria). Serbia and the region should adapt to the new model and use the current ‘enlargement fatigue’ wisely to prepare themselves both technically and administratively for the membership in the years to come.

4. Recommendations

From five case studies the following recommendations could be summarized:

To Serbia and other Western Balkan countries

Continue the implementation of necessary reforms regardless of the progress in the EU integration process. The reforms as such are helping to modernize the countries and are beneficial for them. In times when enlargement policy is not given the priority in the EU, the focus should be on technical/sectoral aspects of the integration process;

Economic development should be a key priority. The enlargement policy is a framework of modernization of state and economy, and its aim is to prepare the country for competition in the common market. The better a country is prepared for the accession, the more benefits it can reap from membership;
Public Administration Reform, as it was underlined by the EU, has become the cornerstone of all other reforms and is targeted as one of the pillars of the enlargement process. It is also a precondition for the implementation of other reforms, and must follow all sectoral adjustments to the *acquis*. All Western Balkan countries have rather limited administrative capacity. Therefore, exchanging experiences regarding the implementation of the *acquis communautaire* would be useful both on governmental and non-governmental levels;

Initiate and/or support joint projects aiming at European integration with partners from Visegrad countries. Though the experience of V4 countries from the integration process might seem outdated, the V4 countries can still provide WB countries with adequate experts that have direct experience with the accession process. In addition, V4 countries have ten years of experience working inside the EU institutions;

Balkan region is full of unsettled bilateral issues and they should be handled with care and in a timely manner, as it sometimes seems that a country has to negotiate more with its neighbours than with Brussels. Europeans are afraid that, entering the EU, the Balkans would bring instability. Working on solutions of bilateral problems would help convince EU members that Balkan countries are not a threat to proper cooperation in the EU;

Regional cooperation in the Western Balkans is progressing, but with an uneven pace to a great extent due to the changing regional and European environment. It was mostly an externally driven process structured as a coordination mechanism for promoting different types of regional cooperation. Consequently, the interstate cooperation has remained limited and regional cooperation has developed only to the extent that it remained oriented towards common goals referring to the future, without involving issues related to the contested regional past. Common stance would strengthen the position of Western Balkan countries in their relations with the Commission. In that context, specific attention should be paid to the newly established Western Balkan Fund, which was inspired by the International Visegrad Fund.

**To the European Union**

Promote enlargement as a mutually advantageous process. The Western Balkans is not a part of the problem but a solution to the EU problems in the fields of energy security and fighting organized crime. The Enlargement Policy has been a tool to foster stability beyond the EU borders. Failure of this policy would probably lead to growth of instability around the European Union; in the longer perspective this would negatively affect the security of the EU, both internal and external. At the same time it would weaken the position of the EU vis-a-vis other global partners;

The EU has set the bar higher than in previous enlargements. Its ongoing internal challenges resulted in less dedication to the region (mixed accession signals, small incentives). The EU should step up and speed up its engagement if it wishes to leverage its influence. In other words, it ought to replace its ‘waiting room policy’ with a policy of explicit benchmarks and a timetable to indicate clearly factors for success or failure;

“Denationalization” of enlargement policy is needed. Using accession process as leverage against candidate countries has weakened the credibility of the EU policy towards the region. The repetition of that situation should be avoided at any cost;
EU should also focus on new communication strategy to address the problem of “accession fatigue” in the Western Balkans. In this region EU is perceived mainly as a source of funds and as an economic project. Due to the crisis, the EU is losing its attraction. The emphasis should be placed on the EU as a chance for building an effective, democratic state. At the same time, the EU representatives should avoid interventions that are questioning the commitment to democratic values;

Incentives for “less successful states,” such as Bosnia and Herzegovina and Macedonia, should be provided through new diplomatic initiatives of the EU and the leading member states, and the divergent views on Kosovo’s status between the EU member states that recognised its independence and those that have not should be addressed. Complete the Stabilisation and Association process with Kosovo and sign the SAA without any delay;

Intensify diplomatic and political communication with Western Balkan states (renew the dialogue on enlargement at the highest level – EU-WB Summit), particularly in the context of aligning their foreign policies with the CFSP, especially given the increasing influence of the Russian Federation on some of the countries in the region (Serbia, Macedonia and Bosnia and Herzegovina);

Support by all means the intensification of regional cooperation in the Western Balkans and provide the most viable and most efficient regional initiatives with adequate financial support. Strong regional cooperation is increasingly pursued not only because it is a precondition for EU integration, but a genuine necessity and a value per se;

The open bilateral issues are questioning the credibility of the EU and one of its most successful policies. The EU should not allow open bilateral issues to interfere in the enlargement agenda – otherwise this may bring about a spiral effect and other divisions. Generally applicable resolution principles/mechanism should be devised;

The communication of progress reports should be changed. This comprehensive opinion on the state of each country can be used as a powerful tool of the civil society and media for the evaluation of achievements and failures of each government. However, to achieve that, they need to be more transparent and intelligible. The component of competition between the countries should also be introduced, as that will put more pressure on governments to introduce reforms;

There should be a continuously strong commitment by the EU member states to the state building process in the Western Balkans. Transfer of know-how and experiences, from the EU but also intra-regional, in tackling common challenges: building the missing infrastructure - transport, energy, environment; further democratisation, good governance, rule of law, fighting organized crime, corruption, judiciary; socio-economic development, fighting poverty; but also human capital improvement.

How to lobby for the EU membership of Serbia and other WB countries in the period of substantial reforms in the EU and frozen enlargement?

Serbia and other Western Balkans countries should strengthen their relations with EU members who support enlargement policy. These countries would be the best advocates of enlargement policy in the European forum;
The common strategy addressing the major concerns of EU citizens related to further enlargement should also be development. Data base analysis of consequence of enlargement to the Western Balkans would be a useful tool in convincing those who oppose this process;

Both Serbia and the rest of the Western Balkan countries should keep having and enhancing their relations with the EU and its member states in order to convince them that they are serious about carrying out the reforms and improving the standards of living in their respective countries. They should hold more frequent face-to-face meetings with EU officials and politicians and secure media space for dissemination of the most important messages and needs that concern Serbia and the rest of the Western Balkans countries;

They should work on improving their image internationally from the outset of accession negotiations. They should develop a comprehensible plan during the accession negotiations and make a better use of their diplomatic associations in the region and abroad;

They should organise more conferences and events to attract other member states’ attention onto the region. Businesses and economy-related topic are always eye-catching, especially if the region joins forces to materialize such efforts;

They should make use of Croatia’s recent membership. The activities of their official representatives in Brussels or elsewhere could help push forward the accession of the Western Balkan countries, even nowadays when EU membership is not a tangible reality;

V4 states are invited to support accession of Western Balkan states within the EU institutional framework, and the countries in the region to apply the positive experiences of V4 regional cooperation and build a regional identity modelled after that of Central Europe;

The V4 has a potential to become the core of a broader group of like-minded member states supporting the accession of Western Balkan countries to the European Union. The V4 countries are recommended to continue using the annual summits of the V4 foreign ministers and their Western Balkan counterparts to discuss openly the ways of concrete support and assistance. Besides high level representatives of the European Commission and EEAS, relevant Ministers from the most influential EU member states should be invited;

Establish a standing Forum for Cooperation between the Visegrad Group and the Regional Cooperation Council (which would meet twice a year), rallying policy makers, civil society and academia;

The grants provided by the International Visegrad Fund in the framework of the Visegrad + program serve as an important tool of cooperation among the V4 and Western Balkan countries. In this context, the support for concrete projects promoting joint actions on the EU level is therefore worth considering.
Fifteen Years of Preparations for Pre-accession Negotiations in Serbia

Summary

Serbia embarked on the road to EU accession back in 2000 and has in the past fifteen years succeeded in obtaining the status of candidate country. The accession negotiations formally opened at the Inter-Governmental Conference on 21 January 2014 and Serbia expects to begin talks on specific chapters in 2015. Although the hitherto chronology of Serbia’s accession to the EU indicates indisputable, albeit slow progress, there is a specific strategic hesitation in the country and the prevailing public discourse in the context of the ongoing disputes between the global “West” (the United States and the EU) and the “East” (the Russian Federation). Serbia is also experiencing specific accession-related problems linked to the long and slow implementation of domestic reforms, indicative of the incomplete (unsuccessful) transition from a socialist to a capitalist society. One of the main challenges lies in the lack of political capacity (will) to modernise the public administration and align it with global and European standards and thus overcome the predominant culture of partisan politicking and clientelism.

On the other hand, following the 2014 European Parliament elections and the appointment of the new European Commission, the EU has demonstrated little interest for further enlargement to the Western Balkans, both in terms of further organisation of the process and addressing it in the new EC programme. It has, nevertheless, continued upgrading its assistance mechanisms (IPA II, encouraging the countries in the region to join in European programmes, increasing financial support to and donor coordination of projects of regional importance). Moving the Western Balkans to the back burner carries the risk of reviving tensions and instability in the region and strengthening anti-European and ethno-nationalist forces, which may lead to another (self imposed) isolation of this part of Europe. On the other hand, numerous regional structures operating as organisations or initiatives for multilateral cooperation in the Western Balkans, as well as in South-East Europe, have not been adequately empowered to cushion this impasse in further enlargement, nor are they sufficiently embraced by the administrations in the region or their wider public. This brings into question the potential of these mechanisms to assume the role of “accelerator” of the process of accession of the countries in the region to the EU and NATO.

This paper ends with the authors’ suggestions on what can be done at various (national, regional and EU) levels to step up EU integration, and specifically, their expectations of the Visegrad Group (V4) given the latter’s experiences in the EU integration process. This project
is expected to be the first step in a more intensive exchange of experiences between the two European regions, one within the EU and the other aspiring to accede to it. It would provide the stakeholders with the opportunity to get to know each other better, and could help in establishing lobby support within the EU to facilitate the Western Balkans’ endeavours to become full members of this organisation as soon as possible.

1. Introduction – from Association Negotiations to Accession Negotiations

The Stabilisation and Association Process, launched in 1999, envisaged that Western Balkan states, i.e. states created in the territory of the former Yugoslavia, minus Slovenia and plus Albania, made radical turnabouts in their foreign policies and opted for the EU membership as their long-term priority. The initiation of the process also marked the European Union’s “opening” towards this region, riven by the armed conflicts (1991-1999). The Western Balkan countries have differentiated into two groups in the past fifteen years, especially after Croatia’s accession to the EU in mid-2013 – Montenegro and Serbia are now the leading states when headway in the process is taken as the criterion, and Albania, which has stepped up its progress, is gradually drawing closer to them. Insufficient progress, even stagnation, can be observed in the cases of Macedonia and Bosnia-Herzegovina; this conclusion partly applies also to Kosovo, which initialled the Stabilisation and Association Agreement with the EU in 2014.

Serbia redefined its foreign policy goals and priorities after the change of the Belgrade regime on 5 October 2000. At the time Serbia was part of the Federal Republic of Yugoslavia and, from 2003 to 2006, member of the State Union of Serbia and Montenegro, a time-limited arrangement brokered by the EU. Although the victory of the pro-European forces at the parliamentary elections in late 2000 was quite convincing, the political balance of pro-EU and Euro-sceptic/anti-European forces remained more or less even until 2008, due, inter alia, to the outstanding issue of Kosovo’s final status, which dominated the country’s international and national political agenda, especially in the period 2005-2008.

Despite these very unpromising circumstances for Serbia, European integration progressed at a certain pace. On 25 April 2005 the European Commission adopted the Feasibility Study and on 12 July of the same year recommended opening the negotiations on the Stabilisation and Association Agreement (SAA) with Serbia. The European Commission launched the negotiations on concluding the SAA with Serbia as early as 1 October 2005, and the SAA was initialled in Luxembourg on 29 April 2008. In the meantime, numerous problems affected the pace of Serbia’s EU integration, from insufficient cooperation with the International Criminal Tribunal for the Former Yugoslavia (ICTY) in The Hague, the scheduling and holding of the referendum on Montenegro’s independence (2006), to Kosovo’s unilateral declaration of independence (17 February 2008). The suspension of the Schengen visa regime (fulfilment of the visa-free requirements) in late 2009 was definitely one of the chief events in terms

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3 See Table 1, Key Dates in EU–Serbia Relations, in the Annex.
5 The Stabilisation and Association Agreement between the EU and Kosovo was initialled on 25 July 2014 in Brussels. Available at: http://ec.europa.eu/enlargement/countries/detailed-country-information/kosovo/
6 The year 2008 is viewed as the turning point because it was then that the ultra right Serbian Radical Party split up and the now ruling Serbian Progressive Party, which declaratively embraced fundamental European values and ideals, was created.
of EU integration that led to an increase in pro-European optimism among Serbia’s citizens. At that time, Serbia also applied for EU membership, and in mid-2010 the EU decided to launch the talks on the ratification of the SAA with Serbia. On 1 March 2012 Serbia was officially granted candidacy status, and a year later, on 26 June 2013, the European Council recommended opening accession negotiations with Serbia. The EU Council adopted the negotiating framework for Serbia on 17 December 2013 and scheduled the first Inter-Governmental conference for 21 January 2014. However, some EU member states set conditions that Serbia is expected to fulfil before the launch of the talks on specific chapters, most of which related to Belgrade talks with Priština that have been ongoing since 2010 with minor interruptions. Namely, they have insisted on the consistent enforcement of a number of agreements reached by the Priština and Belgrade authorities.

As indicated by the periodic public opinion surveys conducted by the Serbian European Integrations Office, the citizens’ pro-European feelings gradually decreased during this period. Moreover, this period has been characterised by the increasing efforts in the political and academic public discourse to find a substitute for EU integration, with focus on specific alternatives or possibilities of establishing parallel links (with the pro-Russian Eurasian Economic Union, the Non-Aligned Movement, et al).

Like many times before in Serbia’s recent political history, it appears that the ongoing and latent political processes may easily bring surprises in respect to further European integration forecasts, despite the unequivocal pro-European consensus of all parliamentary political parties in the National Assembly at the moment. Namely, after the European Parliament 2014 elections and the strengthening of both the moderate and the more radical right in some of highly influential EU member states, neither the EP nor the new Brussels administration seem to be sufficiently committed to the EU’s enlargement to the Western Balkan states and entities, including Serbia, in the foreseeable future. In the event the lack of political will in the EU persists and manifests itself in endlessly protracting the negotiating process (like in the case of Turkey), it may result in the (self-) isolation of the Balkans. Its very security may be under threat by new waves of ethno-nationalism and the increasingly devastating effects of the global economic crisis. It is thus clear that the decade(s)-long prolongation of the EU accession process may lead, in case of Serbia as well as of the other states in the region, to internal societal transformation creating room for Euro-scepticism and an anti-European mood, with reliance on traditional ties with the Russian Federation and other non-European international actors.

2. Alignment with EU’s Common Foreign and Security Policy

Despite its clear commitment to EU accession in the past 15 years, official Serbia has frequently demonstrated some hesitance and sought foreign policy alternatives intrinsically incompatible with the country’s proclaimed fundamental EU integration aspirations. There were occasionally ideas of it joining the Collective Security Treaty

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Organisation (CSTO) \(^9\) or of establishing closer ties with the Non-Aligned Movement or the emerging Eurasian Economic Union.\(^8\) At one point, Serbia positioned its foreign policy on a very broad global vision,\(^1\) declaring it would rely on the so-called four (world) pillars: the United States of America, the European Union, the Russian Federation and the People’s Republic of China, indicative of its lack of a realistic perception of the country’s status in the region, Europe, or the world. Not only has such foreign policy positioning failed to improve Serbia’s status; in the absence of a genuine and priority strategic partner, it has resulted in numerous diplomatic defeats as well.

It was evident that the USA was the strategic foreign policy partner of Central and East European countries, as well as Slovenia and Croatia (and now Montenegro and Albania), during the crucial EU accession stages and that this partnership significantly facilitated their integration in EU (as a rule, after they joined NATO). Belgrade’s attempts to promote Serbia as the “leader in the region” (the Western Balkans) failed to yield positive results. On the contrary, they produced negative effects and at times deepened the gap in its bilateral relations with the neighbouring countries, which are extremely sensitive to the issue given the recent history and the conflicts with the remnants of the Yugoslav People’s Army and the administration of the former Yugoslav Federation (1991) and their subsequent independence.

In its 2014 Progress Report, the EC did not reiterate the observations it made in its 2012 and 2013 Progress Reports about Serbia significantly improving its record of aligning its foreign policy with the EU Common Foreign and Security Policy.\(^12\) According to the 2012 Report, Serbia aligned itself with 99% of the relevant EU declarations and Council decisions, but the EC noted that Law on Restrictive Measures remained to be adopted.\(^13\) In this Report the EC also observed that Serbia showed continued commitment to participate in international UN and EU civil and military missions and that in 2011 it ratified the agreement on exchange of classified information and the agreement establishing a framework for Serbia’s participation in civil and military crisis management operations.

In its 2013 Progress Report, the EC noted that Serbia’s alignment of its foreign policy with EU documents fell by 10% (to 89%), but it also noted that Serbia simultaneously moved one step closer to the Collective Security Treaty Organisation, obtaining observer status in its Parliamentary Assembly.\(^14\) It nevertheless assessed that its preparations in the area of foreign, security and defence policy were “well on track.”\(^15\)

It, however, needs to be noted that the EC stated in its 2014 Progress Report that Serbia’s alignment with the CFSP declined significantly, to merely 62%, which does

\(^9\) Comprising Russia, Kirgystan, Belarus, Kazakhstan, Armenia and Tajikistan.


\(^11\) Such broad visions characterise the period 2008-2012, when Vuk Jeremić (Democratic Party) was Serbia’s Foreign Minister.


not correspond with its formal status of candidate ready to start negotiations on specific chapters. The main reason for this “score” lies in Belgrade’s failure to join in the EU’s restrictive measures (economic sanctions) against the Russian Federation over the escalating crisis in Ukraine, despite repeated calls to do so. This is why the EC stressed in this Report that Serbia needed to improve the alignment of its foreign policy with the EU’s Common Foreign and Security Policy.

As opposed to the Central and East European states, as well as Croatia, Slovenia and Montenegro, negotiations on Chapter 31 (Foreign, Security and Defence Policy) might pose a major challenge for Serbia and lead to potential blockades of the initiated negotiations. Serbia has demonstrated some hesitation regarding the views of official Brussels and its condemnation of the developments in war-ravaged Ukraine and annexation of part of its territory (the Crimean Peninsula), as was reaffirmed also by its refusal to vote for the United Nations resolution condemning the Russian Federation in the context of the Ukrainian crisis and the open violations of its independence and territorial integrity in March 2014.

Official Serbia was in the meantime indirectly (through media statements by Russian President Vladimir Putin) notified that Russia was abandoning the strategic energy South Stream gas pipeline project, which was supposed to pass through Serbia. Serbia had earlier sold its state company, the Petrol Industry of Serbia (NIS), to its Russian partners, thus becoming totally dependent on a single oil and gas supplier and bringing into question its own energy security.

Parallel with its talks on EU accession, Serbia can be expected to continue its “hesitant” and unpredictable foreign policy in the upcoming period, in the endeavour to steer a middle course between the global East and West and their interest-related clashes, as corroborated also by its chairmanship of the Organisation for Security and Co-Operation in Europe (OSCE) in 2015. Serbia can also expect new pressures regarding the talks with the Priština authorities (Chapter 35, Other Issues) and the opening of the issue of the reorganisation of neighbouring Bosnia and Herzegovina, which is faced with total institutional and economic atrophy caused by the 1995 Dayton Accords and their constitutional provisions. Furthermore, it is extremely likely that membership in the North Atlantic Treaty Organization (NATO), a very unpopular issue in Serbia, will be raised with the Belgrade authorities soon. Western actors would undoubtedly prefer that Serbia accede to NATO before joining the European Union and this issue may be imposed as a new and invisible condition. Therefore, Serbia will have to review again its “military neutrality” rashly proclaimed in 2007 in response to the US and EU actions in the context of addressing the Kosovo issue. There is, however, no doubt that the Serbian political elite will have a hard time meeting these expectations/requirements of the West and will not have the capacity to open an impartial public debate on the country’s potential accession to NATO in the near future.

3. Institutional Reforms with Focus on Public Administration

Despite numerous positive assessments of Serbia’s institutional capacities and EU accession-related performance in the European Commission’s successive progress reports, Serbia clearly faces numerous outstanding problems still rendering

17 Ibidem, p. 61.
18 Ibidem, p. 63.
public administration reform one of the main challenges in the EU accession process. Insufficient and unclear accession-related communication within and among the ministries and other institutions of the Serbian Government may prove to be a major problem in the forthcoming period.

The expensive and oversized public administration, especially the local self-government authorities, overburdened by political appointees and rife with unprofessionalism, corruption and clientilism, calls for a radical reorganisation. This task, however, definitely cannot be completed in a short period, despite the adopted Public Administration Reform Strategy and institutional innovations (the establishment of the Public Administration Reform Council). Serbia’s political leaders appear to have difficulty implementing such major actions despite the fact that both the European Union and other actors, such as the International Monetary Fund (IMF) and the World Bank, insist on them.

Serbia’s public administration is still not a civil service in the sense of the term as used in EU member states, particularly in Western Europe, or in that extent, given that it does not cater to the needs and interests of the citizens. The effects of the unsuccessful reform of the Serbian judiciary (in 2009-2010) have left it in such a stalemate that it is extremely unlikely that the efficiency and effectiveness of the entire system will improve.

Add to this the crisis of the democratic institutions (above all the Parliament) and the predominance of the executive over the other two branches of government within the complex balance of separation of powers. This also applies to the formal and informal power centres, which are predominantly under the influence of what can be qualified as the political sphere of society. The situation can partly be explained by historic legacy, as in its modern history Serbia never had highly professionalised public administration structures, free from the influence of the power holders.

The situation is extremely complex and adverse in all the spheres of public life in Serbia – education, health, science, culture, sports, etc. Furthermore, the state’s disbursement of financial allocations from the very modest budget still appears extremely irrational and there seem to be no clearly defined and set strategic and long-term goals. Announcements of public administration or public sector reforms, frequently exploited by the media, are often unrealistic, ill-founded and ineffective. Rather, hardly anything has changed in this segment.

4. EU Assistance Mechanisms and Their Effects

EU’s assistance to Serbia has been granted in three stages. The first stage covered the period 2001-2006 and focused on post-war reconstruction. The aid was extended to fund numerous projects aiming to rebuild the destroyed infrastructure, raise administrative capacity, establish institutions to manage the assistance programmes, improve the business-enabling environment and support civil society and the media. The aid from the CARDS programme fund was administered by the European Agency

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20 In the 2014 Serbia Progress Report the EC concluded that no progress could be reported regarding financial and budgetary provisions (Chapter 33).

for Reconstruction, headquartered in Thessaloniki, which managed assistance to some other Western Balkan countries as well.

The Instrument for Pre-Accession Assistance (IPA) was administered by Brussels in the period 2007-2013 with the support of the EU Delegations in all Western Balkan countries. During that period Serbia received on average approximately EUR 170 million every year, along with additional macro-economic assistance to the budget and non-financial means supporting preparations for membership. The use of EU IPA I funds was generally assessed as positive. The European Court of Auditors concluded that the programming of the IPA financial assistance based on a coherent strategic framework and the approach to selecting the projects relevant for preparing Serbia for accession was gradually improving and that although the audited projects produced their planned outputs on the whole, they suffered from weaknesses regarding their design, implementation and sustainability.

Though the assistance was quite evenly allocated over a broad range of sectors, Table 4 demonstrates that priority was given to administrative capacity and support to the adoption and implementation of the acquis communautaire. The area of governance (justice and home affairs, including the fight against corruption and public administration reform, including public finance management reform) received a quarter of the funding. The European Court of Auditors said that the EC, with the Serbian authorities, was gradually improving its methodology used to select relevant projects, that IPA funding for governance increasingly involved civil society organisations, and that coordination with other donors had been only partially effective but was improving.

More than 70 national strategies and action plans, differing in quality and aimed at addressing various political and socio-economic issues, were not a particularly reliable basis for the allocation of IPA funds, due to the lack of a strategic framework focused on national priorities and a timeframe for their implementation and an overarching strategy to coordinate the implementation of public finance management (PFM) reform. Furthermore, in the first part of the programming period 2007–2013, project prioritisation by the Serbian European Integration Office (SEIO), the EU delegation and the Commission headquarters did not prevent the selection of immature or problematic projects. Improvements to the selection process introduced by the Commission together with the SEIO in 2012 and 2013 included stricter requirements on project readiness. In general, the situation considerably improved at the end of the seven-year cycle thanks to the efforts of the Serbian administration to interlink various strategic options in numerous sectoral strategies to a greater extent in its assessments of the genuine needs for assistance in specific sectors (Multiannual Indicative Planning Documents and Needs Assessment Document). The European Court of Auditors noted that civil society organisations granted the IPA funding were now very active in the field of governance and anti-corruption.


The clear strategic approach requiring planned use of assistance in the medium and long term, both on the part of the provider (the EU) and the beneficiaries (countries in the region) is the most important novelty in the IPA II (2014-2020). Every donor intervention has to have specific and measurable results, i.e. achieve visible impact. Given that the emphasis is on sectoral assistance, the requisite sectoral reforms at the national level are supported through IPA II funds on the basis of sectoral strategies. IPA II allows for broader support through the national budget. Funding is now more strongly linked to the enlargement strategy priorities, with a view to eliminating the shortcomings of the fragmented project approach that had dominated the allocation of assistance. The areas of policies and related sectors in which the EU will provide assistance are defined, from those regarding the political accession criteria (public administration reform, public finance management, justice and home affairs, human and minority rights) to those falling under the economic criteria (environmental protection, transport, energy, private sector development, competitiveness and innovations) or the labour-social domain and human resource development (education, labour market, employment and social policy) and agriculture and rural development.


As a potential candidate country the Republic of Serbia was able to use IPA components I and II. According to the IPA Framework Regulation, IPA components III, IV and V were available only to EU candidate countries which have established a certified Decentralized Implementation System (DIS) for EU funds. The Republic of Serbia obtained candidate status in March 2012, at that time, however, the decentralized implementation system DIS has not yet been accredited. Therefore Serbia used only these two IPA components until the end of the budgetary period 2007-2013.

IPA 2013 National Programme is a milestone and a special challenge since the Serbian public administration has obtained conferral of management powers after many years of preparation and these powers will be executed for the first time for the implementation of the aforementioned Programme. However, considering that several significant changes occurred within the public administration in Serbia during 2013 and 2014, due to repeated elections and reconstructions of the Government, appointments of several key positions within the accredited DIS were delayed. Additional impediment is the still insufficient number of trained staff employed within the DIS

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30 See Table 2. IPA assistance to Serbia 2007-2013, in the Annex.
structures. Due to these circumstances implementation of the IPA 2013 National programme is still on hold, as none of the tenders have been completed one year after receiving the conferral of management powers for two IPA components.

IPA II multi-beneficiary funds are also designated for regional and territorial cooperation, to which listed sectoral priorities apply as well. Candidates and potential candidates are treated equally, which will facilitate potential combinations of funding from national and multi-beneficiary IPA. However, monitoring and evaluation are rated extremely highly in the procedure, wherefore the countries (programmes) that achieve significant progress beyond what was foreseen will receive increased allocations while those that fail to deliver on the foreseen results may face a reduction in allocations.

5. Importance of Regional Structures in the Western Balkans

The evolution of regional cooperation in the Western Balkans, initially focused on post-conflict stabilisation, has gained momentum since 2008 thanks to the establishment of an umbrella organisation for over 50 initiatives - the Regional Cooperation Council. The launching of new and redefinition of some of the existing forms of regional cooperation in the Western Balkans are accompanied by strong EU support, as well as by increasing meaningful acceptance by the countries in the region. The experiences of other inter-governmental cooperation forums (the Benelux, Nordic and Baltic models, as well as the Visegrad Group) can provide crucial guidance.

Multilateral cooperation in the Western Balkans is in the common interest of the citizens, nations, states and entities in this region and it will not be limited to the period preceding their full EU membership. Progress of individual states in the region in the EU integration process - Croatia’s membership and Serbia’s and Montenegro’s accession talks - is expected to create a climate conducive to further consolidation of regional cooperation in the Western Balkans, which will entail better coordination among the existing regional cooperation structures, avoidance of overlapping activities, and greater institutional adaptability.

Regional cooperation should be gradually transformed into a self-sustaining and increasingly autochthonous coordination framework in fields related to improving the citizens’ quality of life (protection of minorities, the fight against organised crime and corruption, trade, investments, infrastructure, environment, water management, education, labour market, culture, tourism and other areas with a strong cross-border dimension). As a dynamic and multi-dimensional process, regional cooperation undoubtedly greatly hinges on the views of the region’s countries and political elites on multilateral forms of cooperation.

The progress in regional cooperation in the Western Balkans, which was inconceivable only ten years ago, is demonstrated by the fact that the Western Balkan countries have launched strategic long-term cooperation, which involves taking stock of the situation in said countries, planning and implementing the goals they set out in their


South East Europe 2020 Strategy – Jobs and Prosperity in a European Perspective,\textsuperscript{33} which has met with major political, technical and financial support of the EU, the OECD, international financial institutions and think tanks, and entails the operational engagement of a large number of regional organisations\textsuperscript{34} and initiatives coordinated by the Regional Cooperation Council, with the political support of the South-East European Cooperation Process.

Two other initiatives focusing on the Western Balkans were promoted in the past two years: WB6\textsuperscript{35} (a format providing the Commission with the opportunity to reengage in political and economic dialogue with Western Balkan states) and the Berlin Process\textsuperscript{36} which aims at reasserting lasting interest and importance of the Western Balkans for the EU and focuses on economy and the region’s infrastructural links with Trans-European Networks.

During the preceding decade Serbia joined a number of regional SEE and Western Balkan cooperation initiatives, particularly after the change of the regime in Belgrade on 5 October 2000. It, however, demonstrated a dose of indifference to regional cooperation in the period 2005-2008, during which it was burdened by other issues, such as the Kosovo status. Furthermore, regional cooperation has been fraught with numerous outstanding bilateral problems, particularly among the newly-created states in the territory of the former Yugoslavia.

Regional cooperation is now Serbia’s foreign policy priority. It has even put focus on the Western Balkans and the EU accession of the countries in the region as priorities during its chairmanship of the OSCE. Dynamic regional cooperation in the Western Balkans has manifold benefits for Serbia and its citizens. Serbia contributes to easing the latent ethnic tensions in the region and some parts of it, making the region more attractive, both politically and economically.

6. Serbia’s Progress in the EU Accession Process – Successes and Failures

The previous sections were focused on the four issues with particular relevance for Serbia in the EU association and accession processes: foreign, security and defence policy (Chapter 31); institutions (Chapter 34), with particular focus on public administration reform; use of IPA funds and regional cooperation, as part of the criteria for assessing Serbia’s readiness for membership; and the basis of a comparative analysis to inform pre- and post-accession cooperation within the Visegrad Group.

The European Commission’s 2014 Serbia Progress Report\textsuperscript{37} provides the latest overview of the situation Serbia in the areas in which it made the greatest headway in

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{34} E.g. South East Europe Investment Committee (SEEIC), Central European Free Trade Agreement 2006 (CEFTA 2006), South East Europe Transport Observatory (SEETO), Regional Environmental Centre (REC), Network of the Associations of Local Communities in Southeast Europe (NALAS), South East Europe Standing Working Group for Rural Development (SEE SWGRD), Regional School for Public Administration (RESPA), South East Europe Health Network (SEEHN), Education Reform Initiative in South East Europe (ERISEE), etc.
\item \textsuperscript{35} “Non paper on the new concept of joint performance of the Western Balkan countries aimed at intensifying EU integration (Western Balkan Six – G6)”, April 2013, available at: http://ceas-serbia.org/root/images/Non_paper_on_the_Western_Balkan_Six_G6_ENG_MEU.pdf.
\item \textsuperscript{36} The process was launched at the Conference of Western Balkan States in Berlin on 28 August 2014, available at: http://en.wikipedia.org/wiki/2014_Conference_of_Western_Balkan_States,_Berlin
\item \textsuperscript{37} European Commission, “Commission Staff Working Paper: Serbia 2014...” op.cit.
\end{itemize}
\end{footnotesize}
satisfying the Copenhagen criteria and demonstrating the readiness to fulfil the obligations arising from EU membership, as well as the areas in which its progress has been slower or it has failed to take any steps towards accession. Several developments related to the establishment of legal grounds for important reforms were not included in this Report because of its time frame. 38

The EC positively assessed the Serbian Government’s commitment to EU accession and the full consensus on European integration aspirations in the Serbian National Assembly. It also commended the preparations for the talks, entailing in-depth analyses (screening) of the situation in individual sectors.

The EC placed particular emphasis on public administration reform as one of the priorities in the EU Enlargement Strategy, notably in its latest report *Enlargement Strategy and Main Challenges 2014-2015*. 39 The EC redefined the priorities for the enlargement countries; indeed, it has actually taken an absolutely new approach to the negotiating process with all the Western Balkan countries, which has been under way for several years now.

The prior 2013-2014 Report focused on economic governance (in line with EU’s strengthened economic governance prompted by the years-long economic crisis), while the 2012-2013 Report gave priority to the judiciary, fundamental rights and justice, and freedom and security (Chapters 23 and 24). The talks will open with these Chapters (as in the case of Montenegro) and will continue throughout the negotiating process. That was not the case with the countries that joined the EU in the period 2004-2013, with which the EU opened negotiations on Chapters 23 and 24 in the final stage of the negotiating process.

In addition to the rule of law, economic governance and public administration reform, Serbia is given one more priority, actually the key prerequisite for opening negotiations in any other area: to normalise its relations with Kosovo, which is covered by Chapter 35 (*Other Issues*).

Some headway was made in all these areas in 2014, albeit insufficient to open negotiations on specific chapters. The main obstacle lay in the stagnation of the Belgrade-Prishtina talks and insufficient operationalisation of the Agreement signed in April 2013. 40 The 2014 elections in Serbia and Kosovo and the ensuing months-long difficulties in forming a Government in Kosovo were just parts of the problem. Neither party has enough political will to address the issues meaningfully and rapidly, whilst the pressures to change the situation still mostly take the form of an external incentive – prospects of accession to the EU. The Community of Serb Municipalities in Kosovo has not been established yet, and it was not until February 2015 that the agreement on integrating the parallel police and judiciary structures in northern Kosovo in the relevant Kosovo institutions was reached, with the mediation of the EU High Representative for Foreign Affairs and Security Policy and EC Vice-President Federica Mogherini.

Serbia has made some headway in fulfilling the Copenhagen criteria, but there are also areas in which no positive changes have been registered.

As per the political criteria, the EC noted that Serbia needed to amend specific provisions of its Constitution. It observed that many important laws were adopted under urgent procedure, which undermined the inclusiveness and transparency of the legislative process. In other words, the state has failed to secure an adequate

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38 New laws on labour, bankruptcy, construction land and construction permits, environment protection etc.
consultation process with the stakeholders affected by the laws, the expert public, civil society, even the Parliament itself. The EC noted that the Parliament, on the other hand, still needed to develop a genuine relationship with independent regulatory bodies and take a more proactive approach to examining and promoting their findings and recommendations.

The EC commended on the Government’s active engagement towards the goal of EU accession in the current phase of the negotiating process, but recommended that it develop its capacity to anticipate the financial implications of policies and new legislation and to effectively monitor the implementation of enacted legislation. The EC expects greater involvement of the Parliament and civil society, as well as independent regulatory bodies, in its adoption and enforcement. As far as local and regional government levels are concerned, the EC noted that the administrative and management capacity at the local level remained weak and that the legal framework governing local self-governments needed to be improved. It observed that the revised Vojvodina Statute had been enacted, but that a law on Vojvodina’s resources has yet to be adopted.

The EC positively assessed the Public Administration Reform Strategy and the establishment of the Public Administration Reform Council, as well as the first steps towards strengthening the financial control and ensuring more efficient use of public funding, but expressed concern over the non-transparency and politicisation of the state administration that still characterise its work.

The EC noted the need to strengthen the status of the Ombudsman and improve the legal regulations governing civilian oversight of the security forces.

The EC was of the view that civil society in Serbia had continued to develop, but that its activities took place against increased campaigns often targeting individuals in tabloid media and threats from extremist organisations. It noted that civil society maintained a key role in raising awareness about civil and political rights and in the accession process (National Convention on the European Union and the Government Office for Cooperation with Civil Society), and that it had the opportunity to play an advisory role in the legislative process.

The judicial reforms and the fight against corruption were not rated well, although the EC noted that legal and strategic frameworks for achieving the expected headway were put in place. The EC said that significant results were achieved in the fight against organised crime, but observed that it still remains a concern.

The EC noted progress in the field of human rights and protection of minorities, and expressed the expectation that further efforts would be invested in enforcing the good legislative framework. It, however, expressed concerns regarding violations of the freedom of expression and the situation in the media. As per the economic criteria, the EC gives the key role to economic governance – the existence of a functioning market economy and the capacity to cope with competitive pressure and market forces within the European Union. In its latest Enlargement Strategy and Main Challenges report, the EC gave higher importance to economic criteria, especially economic governance, competitiveness and connectivity (connecting Western Balkan infrastructure to the Trans European Networks in transport and energy), comprising intensified monitoring and surveillance of economic reforms in the candidate countries. The EC thus focuses to a much greater extent on economic results, as opposed to the prior accession cycles, when it primarily required that the candidate countries fulfil the technical (legal and institutional) criteria.

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The EC’s assessments of Serbia’s economic situation are not laudatory: high unemployment, weak demand, high fiscal imbalances and structural rigidity, high public debt approaching 70% of the GDP, the economy that contracted in the first half of 2014 (the devastating floods were taken into account), the slow restructuring of major state companies and privatisation process, a weak and unprotected private sector exposed to legal uncertainty, a decline in credit activity and a high share of non-performing loans, necessity of investing in the quality and efficiency of the education system, underdeveloped infrastructure further damaged by the floods, slow structural changes and the state’s negative influence on competitiveness by its provision of significant and wide-ranging forms of aid to public companies.

On the other hand, the level of economic integration with the EU grew primarily in the area of foreign trade. The EU remained Serbia’s main trading partner, with 62.8% of total exports of goods and 61.8% of total imports, with exports growing faster than imports. Exports remained the only engine of growth and contributed to the reduction of the external deficit. Despite the mostly negative trends, the average per capita income slightly increased to 36% of the EU average in 2013 from 35% in the previous year.

In the chapter on Serbia’s ability to take on the obligations of membership, the EC examined in detail the situation in each sector. It conducted in-depth analyses of certain sectors (Chapters 23 and 24) and assessed the achieved progress in specific sectors as very good, without elaborating them in extenso (Chapters 5, 10, 18 and 22).42

In its analysis of the situation in Serbia per negotiating chapter, the EC emphasised in nearly all of them the need to improve the administrative capacity (technically, in terms of human resources and in terms of the status of the relevant agencies). It noted the lack of coordination within the administration and of adequate strategic and operational planning per sector despite the numerous sectoral strategies (most of which are not mutually aligned). Nevertheless, it said that Serbia had made some progress in public administration reform and strengthened coordination and planning.

On a scale of 0 to 5, eight sectors were rated 1 – little progress, eight sectors were rated 2 – limited progress, nine sectors were rated 3 – some progress, while four sectors were rated the best, with 5 – good progress. Energy was rated 4 – progress,43 but without an attribute, Fisheries was rated 0 (no progress), while Foreign, security and defence policy was rated as negative (-1). Although not explicitly spelled out, it can be assumed from the description of the developments in the sector, above all, related to the alignment with the EU’s Common Foreign and Security Policy. Serbia’s average score per chapter based on these ratings stands at 2.25, which can be taken as a general assessment of the progress achieved.44

This attempt to quantify the changes, regardless of its limited analytical value, indicates a very modest level and pace of Serbia’s overall headway towards EU membership, despite the undisputedly enormous Government efforts and the Serbian Parliament’s maximum cooperativeness with respect to the adoption of the EU acquis and institutional adjustments.

It should, however, be borne in mind that the work of the competent institutions in some areas had been systematically improved for years, e.g. in Statistics; a solid level had been achieved in some other areas, but the progress in the reporting period was

42 See Table 3. Assessment of the Ability to Take on the Obligations of Membership – Ranking the Progress Achieved per Negotiating Chapter, in the Annex.


44 Ibidem.
not significant (*Company law*); or solid foundations for greater progress have been set (*Science and research, Customs union*). On the other hand, some progress has been achieved in specific areas but alignment with the *acquis* is still in the initial stage (*Agriculture and rural development, Social policy and employment and Financial and budgetary provisions*) or Serbia has just taken initial steps on priority issues (*Environment and climate change*). Regardless of the ranked progress in the observed period, which indicates the dynamics of the process, the level of alignment with the EU’s legal and institutional *acquis* is assessed as moderately advanced in most chapters. It concerns the level achieved during all the hitherto reporting periods, including the current one.

The first stage of preparations for talks on specific chapters has been completed, given that the EC finalised the screening of all the chapters in March 2015 and that the screening reports on several chapters (23, 24 and 32) have already been submitted to the competent EU institutions for adoption. The talks can successively begin on chapters in which the screening reports are successively adopted and Serbia has its negotiating positions prepared. That means that Serbia might be prepared to open negotiations on a number of chapters by the end of 2015 and that the pace of its headway in the process may primarily depend on the EU’s political will to acknowledge the realistic level of Serbia’s readiness for the negotiations.

The negotiations on Serbia’s accession to the EU formally opened with the Inter-Governmental Conference on the Accession of Serbia to the European Union in January 2014. On that occasion, the EU said that Serbia had achieved the necessary degree of compliance with the membership criteria, and notably the key priority of taking steps towards a visible and sustainable improvement of relations with Kosovo. As shown in Table 1 on the key dates in EU-Serbia relations in the period 1999-2014, political criteria dominated over technical criteria in the EU’s assessments of Serbia’s progress. They initially included Serbia’s cooperation with the International Criminal Tribunal for the Former Yugoslavia, and, once Serbia had achieved full cooperation with the ICTY, normalisation of relations with Kosovo became the main factor against which Serbia’s further progress has been assessed. Therefore, the continuous delays in opening the talks at the political level and, subsequently, the talks on specific negotiating chapters can largely be attributed to political reasons (the course and pace of normalisation of relations with Kosovo), rather than to Serbia’s lack of technical readiness to take part in the talks in a qualified manner.

### 7. Conclusion

To summarise, with minor exceptions, Serbia made at least modest progress in all the areas. But the changes are still not deeply embedded and any political, economic or social turmoil may halt the entire process or even lead to regression (as Serbia’s alignment with the EU’s CFSP in 2014 clearly demonstrates).

The above analysis indicates the need to ensure a high degree of coordination among the key institutions involved in the negotiating process, and among the various branches of government (the Government and the National Assembly), as noted both in the 2014 Progress Report and the European Parliament Resolution on the Report adopted on 11 March 2015. Although the negotiation framework and procedure are clear and known in advance (the criteria that need to be fulfilled, progress in implementing the *acquis*, monitoring and evaluation, targeted use of IPA funds, et al),

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45 Office of the Chief Negotiator, Serbian European Integration Office, line Ministries et al.

the political and diplomatic dimensions of the process may prove crucial to Serbia’s further headway. This has already been largely corroborated in the prior enlargement cycles, especially with respect to countries that were granted EU membership for political reasons (to assist post-authoritarian or post-Communist regimes, due to geo-strategic interests, etc.) although they were essentially unprepared for accession. The treatment of Serbia vis-à-vis the other countries that acceded to the EU does not differ in that sense, although its situation is exacerbated by specific aggravating circumstances – the fact that it is a post-conflict society and has open territorial issues.

Given that the inter-governmental principle of decision-making applies to the enlargement issue and that EU member states have the final say, thoroughly elaborated, comprehensive and focused diplomatic activities have to be taken to ensure a concerted view of all member states and arrive at the requisite consensus. This means that Serbia needs to engage in intensive diplomatic activities targeting both the EU institutions (above all the European Commission, especially the European External Action Service and the Directorate General European Neighbourhood Policy and Enlargement Negotiations, the European Parliament, the Council of Ministers, the European Council, other directorates, agencies, et al) and each member state, because they ultimately decide on a country’s accession.

In view of the EU’s message that the candidate states cannot expect positive assessments of their progress even if they make good headway in conforming their laws and institutions unless they recover their economies and implement the relevant reforms in this area, it is clear that the EU will also ask the following organisations for feedback: the European Central Bank, the European Investment Bank, the European Bank for Reconstruction and Development and the Western Balkans Investment Framework, as well as non-European institutions such as the IMF, World Bank, OECD, UNDP et al. This calls for additional involvement of the Serbian Ministries of Economy and Finance, the National Bank of Serbia and the Serbian Chamber of Commerce in the negotiating process, and their comprehensive and timely updates on all achieved progress. The EU’s shift from institutional issues to economic governance and economic growth with respect to enlargement may additionally move Serbia’s readiness for accession forward in time.

It ought to be borne in mind that the EC is charged with writing screening reports for opening and closing talks on chapters, as well as with preparing the negotiating position on each chapter for the talks with Serbia. However, as opposed to the reports, the EU’s negotiating positions have to be endorsed by all member states and each of them can influence the final versions in accordance with its interests. This is why Serbia’s diplomatic service must follow all the debates in the EU working bodies deciding on the content of the negotiating positions, to clearly identify the views of individual states and take timely bilateral action to preclude or soften any negative standpoints. This calls for the definition of a clearly structured and transparent lobbying policy and establishment of a mechanism for the rapid flow of information through all the national institutions and specialised bodies involved in the negotiating process. Serbia’s (operating but not formally adopted) negotiating structure47 suffers from a major flaw – it does not include the Ministry of Foreign Affairs, an important stakeholder and point in the information chain, precisely the one that should serve as the main channel for bilateral action.

It may be concluded that, apart from the dialogue with Kosovo, the main problems Serbia will face in its accession endeavours that may slow down the process will include its relations with the neighbouring countries (particularly Croatia) and specific domestic policy issues that may intensify, such as the state’s treatment of the media, the role of the Parliament and the treatment of the opposition.

47 See Figure 1 in the Annex.
At the technical level, like the previous accession candidates, Serbia will have the most difficult talks (and alignment) in the areas of environment, agriculture, and in the fields of state aid and competition.

8. Recommendations

Recommendations for Serbia

The EU accession process needs to be stepped up after the screening process is completed and the talks on chapters begin. It needs to entail comprehensive consultations on regulations (with greater involvement of affected target groups, experts, the National Assembly and civil society) before they are adopted, to facilitate their implementation;

The Public Administration Reform, as it was underlined by the EU, has become a cornerstone of all the other reforms and is targeted as one of the pillars of the enlargement process. It is also a precondition for the implementation of other reforms and will have to follow all sectoral adjustments to the acquis. As could be seen with the delay in the implementation of the Decentralized Implementation System (DIS) for EU funds, mainly due to bureaucratic inertia, the PAR is also indispensable for the effective use of IPA funds and other forms of EU assistance. Therefore, PAR should be in the focus of all the efforts of the Serbian administration during the accession negotiations;

Serbia needs to open a realistic and impartial debate on NATO accession, and weigh all the costs and benefits of accession/non-accession as objectively as possible;

The Belgrade-Prishtina dialogue needs to be raised to a higher level and involve more stakeholders in the normalisation of relations (businesses, local communities, civil society, educational and cultural institutions, et al);

Serbia needs to improve its bilateral relations with the neighbouring countries, especially Croatia, the views of which will greatly affect the pace of its EU integration, as well as with Bosnia and Herzegovina, Montenegro and Macedonia. It also needs to address specific problems with its “old” neighbours (Romania, Bulgaria and Albania). Moreover, Serbia needs to build its regional cooperation capacities modelled after the V4 states and other European mechanisms (the Nordic Council and the Nordic Council of Ministers, the Baltic Assembly, Benelux, etc.), with particular focus on mutual cooperation among the Western Balkan states in the EU accession process and their joint appearance in third markets, along with mutual lobbying and support.

Recommendations for the EU and V4 States

The crisis within the EU calls for a deeper understanding of the ongoing processes and better provision of information about its ongoing reforms to the Serbian public, which can be greatly facilitated by dialogue with the V4 and other member states;

Western Balkan states need to be assured that they have a real chance of joining the EU, not just long-term (decades-long) accession prospects;
The European integration of the Western Balkans needs to be actively advocated within the public spheres of EU member states, and constructive pressure ought to be applied on Croatia not to block its eastern neighbours – Bosnia and Herzegovina, Montenegro and Serbia. This would dispel the prejudice that Germany has achieved its geo-political goal: to block the process in the long term now that Croatia is a member;

Incentives for “less successful states”, such as Bosnia and Herzegovina and Macedonia, should be provided through new diplomatic initiatives of the EU and the leading member states, and the divergent views on Kosovo’s status between the EU member states that recognised its independence and those that have not should be addressed;

Intensify diplomatic and political communication with the Western Balkan states (renew the dialogue on enlargement at the highest level – EU-WB Summit), particularly in the context of aligning their foreign policies with the CFSP, especially given the increasing influence of the Russian Federation in some of the countries in the region (Serbia, Macedonia and Bosnia and Herzegovina).

How to lobby for Serbia’s EU membership and for other Western Balkan countries in the period characterised by internal EU reforms and the freeze on enlargement – expectations from the V4

V4 states are invited to support accession of the Western Balkan states within the EU institutional framework, and the countries in the region to apply the positive experiences of V4 regional cooperation and build a regional identity modelled after that of Central Europe;

Real improvement of Serbia’s image in the EU is a difficult task with unpredictable effects. Serbia has to play a more proactive role in that respect as well. The role of Serbia’s cultural centres in EU states needs to be reviewed and a campaign designed, with the help of the V4;

Central European i.e. V4 states with good bilateral relations with Serbia (Hungary, Slovakia, the Czech Republic and Poland) need to be encouraged to lobby for the accession of Serbia and other states and entities in the region within the EU, and bilaterally, with the FR of Germany and other leading EU member states. They should also be encouraged to point out the importance of the Western Balkans’ full integration in the EU in their communication with the United States;

Establish a standing Forum for Cooperation between the Visegrad Group and the Regional Cooperation Council (that would meet twice a year), rallying the policy makers, civil society and academia;

Enable the exchange of experiences between the V4 states' chief negotiators with the Brussels administration and the chief negotiators of the Western Balkan states. Expand such exchanges to other stakeholders as well – parliaments, chambers of commerce, et al.
Annex

Table 1 - Key Dates in EU–Serbia Relations

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>• 21 January – The first intergovernmental conference (Council of the European Union, European Commission and Serbia) takes place, signalling the formal start of Serbia’s accession negotiations.</td>
</tr>
</tbody>
</table>
| 2013 | • 1 September – The EU–Serbia Stabilisation and Association Agreement enters into force. The analytical examination of the acquis ('screening') begins.  
• 28 June – The European Council decides to open accession negotiations with Serbia.  
19 April – First Agreement of Principles Governing the Normalisation of Relations* (Brussels Agreement between Belgrade and Prishtina mediated by the EEAS). |
| 2012 | • 1 March — The European Council confirms Serbia as EU candidate country. |
| 2011 | • 14 October — The Commission issues its opinion on Serbia’s application for EU membership.  
• 20 July — Arrest of Goran Hadžić, the last fugitive sought by the International Criminal Tribunal for the former Yugoslavia (ICTY).  
• 26 May — Arrest of Ratko Mladić. |
| 2010 | • 1 February — Interim Agreement on Trade and Trade-Related Matters (part of the EU–Serbia Stabilisation and Association Agreement) enters into force. |
| 2009 | • 22 December — Serbia applies for EU membership.  
19 December — Visa-free travel to Schengen area for citizens of Serbia. |
| 2008 | • 21 July — Arrest of Radovan Karadžić.  
• 29 April — The EU–Serbia Stabilisation and Association Agreement is signed, along with the Interim Agreement on Trade and Trade-Related Matters. |
| 2006 | • 3 May — The EU suspends the EU–Serbia Stabilisation and Association Agreement talks, stating that Serbia is not fully cooperating with the International Criminal Tribunal for the former Yugoslavia (ICTY). |
| 2005 | • 1 October — Serbia starts negotiations with the EU on the signing of the international treaty titled the EU–Serbia Stabilisation and Association Agreement. |
| 2003 | • 1 June — The Thessaloniki European Council confirms the EU perspective for the Western Balkan countries. |
| 2001 | • 1 April — Arrest of Slobodan Milošević. |
| 2000 | • 1 June — The Santa Maria da Feira European Council states that all the stabilisation and association process countries are potential candidates for EU membership. |
| 1999 | • 26 May — A Commission proposal on the Stabilisation and Association Process, the EU policy towards the Western Balkan countries, is established with the aim of eventual EU membership. |

*Added by the authors of the paper.  
Table 2 - IPA assistance to Serbia 2007-2013

<table>
<thead>
<tr>
<th>Sector</th>
<th>Allocation (EUR million)</th>
<th>Percentage of total allocations</th>
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<tbody>
<tr>
<td>Justice and home affairs</td>
<td>117</td>
<td>9.7%</td>
</tr>
<tr>
<td>Public administration reform</td>
<td>164</td>
<td>13.6%</td>
</tr>
<tr>
<td>Social development</td>
<td>171</td>
<td>14.2%</td>
</tr>
<tr>
<td>Private sector development</td>
<td>109</td>
<td>9.1%</td>
</tr>
<tr>
<td>Transport</td>
<td>146</td>
<td>12.1%</td>
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<tr>
<td>Environment, climate changes and energy</td>
<td>192</td>
<td>16.0%</td>
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<tr>
<td>Agriculture and rural development</td>
<td>109</td>
<td>9.1%</td>
</tr>
<tr>
<td>Other EU acquis and horizontal activities</td>
<td>195</td>
<td>16.2%</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>1,203</strong></td>
<td><strong>100.0%</strong></td>
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</tbody>
</table>


Table 3 - Assessment of the Ability to Take on the Obligations of Membership – Ranking the Progress Achieved per Negotiating Chapter

<table>
<thead>
<tr>
<th>Chapters headings</th>
<th>Regress -1</th>
<th>No progress 0</th>
<th>Little progress 1</th>
<th>Limited progress 2</th>
<th>Some progress 3</th>
<th>Progress 4</th>
<th>Good progress 5</th>
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<td>1. Free movement of goods</td>
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<td>2. Freedom of movement for workers</td>
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<td>3. Right of establishment and freedom to provide services</td>
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<td>4. Free movement of capital</td>
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<td>5. Public procurement</td>
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<td>6. Company law</td>
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<td>7. Intellectual property law</td>
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<td>8. Competition policy</td>
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<td>9. Financial services</td>
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<td>10. Information society and media</td>
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<td>11. Agriculture and rural development</td>
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<td>12. Food safety, veterinary and phytosanitary policy</td>
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### Chapters headings

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<td>13. Fisheries</td>
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<td>14. Transport policy</td>
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<td>17. Economic and monetary policy</td>
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<td>20. Enterprise and industrial policy</td>
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<td>21. Trans-European networks</td>
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<td>22. Regional policy and coordination of structural instruments</td>
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<td>23. Judiciary and fundamental rights</td>
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<td>25. Science and research</td>
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<td>26. Education and culture</td>
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<td>28. Consumer and health protection</td>
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<td>29. Customs union</td>
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<td>32. Financial control</td>
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<td>33. Financial and budgetary provisions</td>
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<td>34. Institutions</td>
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<td>35. Other issues</td>
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<td><strong>Average progress 2013-2014</strong></td>
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Source: Compiled and quantified ranking by the authors of the paper following a descriptive assessment of the EC on the level of progress in each chapter (heading cells in the columns of the table).
Figure 1 - Negotiating Structure of the Republic of Serbia for Accession to the EU

Source: Chief of the Negotiating Team Office, 2014.
References


20. The Stabilisation and Association Agreement between the EU and Kosovo was initialled on 25.07.2014, in Brussels. Available at: http://ec.europa.eu/enlargement/countries/detailed-country-information/kosovo/
Ten Years of Membership in the European Union – Slovakia

Summary

The integration into the European Union and NATO was the main foreign policy priority for all post-1989 Governments in Slovakia. The accession to the European Union enabled Slovakia and other new members to actively shape their EU policies. Ten years of EU membership, however, showed that Slovakia has followed the EU policies without any significant attempt to generate new ideas. In order to pursue its interest on a regional, broader regional or EU level, Slovakia used the Visegrad Group as the most appropriate tool. For Slovakia, the Visegrad cooperation is therefore considered the most important regional grouping in Central Europe, playing a vital role in Slovakia’s foreign and European policy.

The first years following the accession were connected with the implementation of important reforms, such as the tax, pension or health system reform. However, these reforms have not been fully implemented, changed or abolished. Nevertheless, thanks to EU membership and introduction of certain significant reforms, Slovakia’s GDP increased significantly in the last decade. Adequate absorption of EU funds though still remains a challenge. Slovakia is the only V4 country which is fully integrated in the EU, as it also adopted the single currency. Though the population continues to support Slovakia’s membership in the EU and considers it beneficial for the country, the interest in the EU is very small, which was demonstrated by the low turnout at the elections to the European Parliament.

1. Introduction – Slovakia’s Path to EU and NATO

After the breakdown of Czechoslovakia, the newly born Slovak Republic had to overcome three important processes. Besides its transition from an authoritarian regime to democracy, and from a centrally planned to a market economy, the country also had to cope with the state-building process, as well as with integration in European and trans-Atlantic integration structures (EU and NATO). Due to the rule of former Prime Minister Vladimír Mečiar whose Governments pursued undemocratic policies in the period 1992-1998, Slovakia was facing increasing international isolation and was lagging in integration processes behind its Central European neighbours. Slovakia’s accession to the OECD was postponed in 1996 and Slovakia was not invited to join NATO together with its Visegrad neighbours in 1999. Though Slovakia signed the Association Agreement with the EU as early as 1993, and became a candidate country in 1997, it was not part of the group of countries with which the EU started...
the accession negotiations in 1997. Vladimír Mečiar’s style of policy making was also one of the most important reasons why the Visegrad cooperation was suspended between 1994 and 1998.

Parliamentary elections in 1998, connected with a high degree of citizens’ activism, resulted in the change of Government. The broad left-right coalition of democratic parties led by Prime Minister Mikuláš Dzurinda began to implement necessary reforms and accelerated the EU integration process. Though it was not possible for Slovakia to join NATO together with its Visegrad neighbours – Slovakia joined NATO five years later, in 2004 – the V4 countries contributed significantly to Slovakia’s accession by sharing their experiences and transferring the know-how.

As regards EU accession, Slovakia managed to catch up with its Visegrad neighbours. Though it only started the accession negotiations in 2009, thanks to the so-called regatta principle it not only managed to catch up with other countries regarding the number of concluded negotiation chapters, but also to surpass them. The accession negotiations were successfully concluded at the EU Council Summit in Copenhagen in December 2002. As a result, Slovakia joined the EU along the Czech Republic, Hungary, Poland and six other countries in May 2004. Thanks to the Treaty of Nice, which was supportive of smaller and medium-sized member countries, Slovakia and other Visegrad countries had the same number of votes in the Council as France and Germany put together. This specific position made V4 a respected regional platform in the EU and also the “core” of like-minded countries in many areas.

2. Slovakia’s Foreign Policy

In the post-accession period the EU and NATO changed from being the goal of Slovakia’s foreign policy to being an instrument of it. The key challenge for Slovakia and Slovak diplomacy was to use the advantage of its membership in both the EU and NATO in order to shape the policies of both integration groupings. After the accession to the EU and NATO, Slovakia identified two key territorial foreign policy priorities: Eastern Europe (namely Ukraine) and the Western Balkans. At the annual conference evaluating Slovakia’s foreign policy in 2003, the then Prime Minister Mikuláš Dzurinda openly declared that “Slovakia has the ambition to become an advocate of Ukraine and countries of the Western Balkans in the EU and NATO and to help them with their pursuit of reforms and the development of a civil society”. Post accession priorities were also identified by a group of foreign policy experts and published by the Research Centre of the Slovak Foreign Policy Association – the main focus was also placed on the neighbouring regions of Eastern and South East Europe. Finally, a mid-term strategy of Slovakia’s foreign policy was approved in 2004.

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50 “Appearance of Prime Minister of Slovak Republic Mikuláš Dzurinda”, in: Peter Brezáni (ed.) Yearbook of Slovakia’s Foreign Policy 2003, Research Centre of the Slovak Foreign Policy Association, Bratislava, 2004, pp. 11-17.


Since both priorities were in line with EU and NATO policies, in relation to Ukraine and countries of the Western Balkans Slovakia was convinced that it could contribute to their better implementation. On the other hand, Slovakia anticipated that NATO and EU policies towards Ukraine and Western Balkans would be able to contribute to enforcing its national interests towards these countries. In other words, in the area of foreign policy Slovakia took its membership in both EU and NATO as an opportunity, but also as a responsibility.

Another strategic priority was the strengthening of regional cooperation in the Visegrad Four (V4) format. It became clear that together with the Czech Republic, Poland and Hungary, Slovakia had greater significance within the EU and NATO. Also, Eastern Europe and the Western Balkans became the priorities of other Visegrad countries as well, as it was intended that Visegrad cooperation become an influential instrument for advocating the interests of countries from Eastern and South East Europe on the EU level.

As regards the European neighbourhood policy, Slovakia has been a relatively active player in the ENP, though mostly on the regional (Visegrad) level. Slovak diplomacy had a direct impact on the EU ENP policy, in its implementation rather than in policy formulation. For example, in the second half of 2007, the Slovak Embassy in Minsk represented the Portuguese Presidency in the Council of the EU. Between 2010 and 2012 Slovak Foreign Minister Miroslav Lajčák served as Managing Director of the European External Action Service for Russia, Eastern neighbourhood and Western Balkans. During this period he also served as chief negotiator of the EU for talks on the Association Agreements with Ukraine and Moldova.

Slovakia has also been an enthusiastic supporter of the European perspective of the Western Balkan countries. Again, most activities occurred either on bilateral, regional (V4) or extended regional (V4+) levels. Besides advocating the EU membership of the Western Balkan countries, the most visible proof of Slovakia’s interest in the region was the direct involvement of Slovak diplomats in EU institutions and activities. In 2006, Miroslav Lajčák became an envoy of the EU High Representative for Common Foreign and Security Policy for the process of referendum on the independence of Montenegro. (Another Slovak diplomat, František Lipka, became Head of the Referendum Commission). In 2007, M. Lajčák was appointed High Representative and EU Special Representative in Bosnia and Herzegovina, while in 2010 he became the EEAS Managing Director for Russia, Eastern neighbourhood and Western Balkans. Also, after being elected to the European Parliament in 2009, Eduard Kukan became a rapporteur for the Western Balkans in the EP. To a lesser extent, EU policies in this area have been shaped by the members of the Committee of the Regions (e.g. former Mayor of Košice, František Knapík, became the rapporteur of the Opinion on the Western Balkans´ European perspective, while the EESC member Patrik Zoltvány was the rapporteur for EU-BiH Relations and Transport Policy in the Western Balkans).

3. Reforms

The creation of pro-integration Government after the elections of 1998 represented a precondition for the implementation of important reforms. Since the first Dzurinda Government was quite heterogeneous, encompassing both left-wing and right-wing parties, it was not easy to reach a consensus. Nevertheless, some of the reforms were initiated between 1998 and 2002. The most important reform package, however, was
introduced during the second Dzurinda Government (2002-2006). Thanks to an innovative approach that almost immediately started to bring concrete results Slovakia obtained the nickname “Tatra Tiger”. The tax reform, the pension reform, the health care reform and the reform of public administration should be mentioned as deserving of closer attention.

3.1 The Tax Reform

The tax reform was first implemented in 2004 and its most important characteristic was the introduction of a flat tax. Slovakia was the first country in Europe to implement a flat tax, which attracted international attention. In practice, the personal income tax (PIT), the corporate income tax (CIT) and the value added tax (VAT) were all equal, i.e. 19%. The reform made the tax system simpler and more transparent by eliminating most exceptions, exemptions and special regimes. To avoid the double taxation, the reform also eliminated dividend tax, gift tax, inheritance tax and real estate transfer tax.\(^54\) Introduction of the second rate (25%) of personal income tax and the increase of corporate income tax from 19 to 23% by the government of Prime Minister Robert Fico in fact meant the abolishment of the flat tax. Despite the fact that the corporate income tax was reduced by 1% in 2014, it still remains high un comparison with other countries of the region and discourages possible investors.

3.2 The Pension Reform

The pension reform was based on a three-pillar pension system. Besides the first pillar, which more or less represented the continuation of the former pay-as-you-go system, the second obligatory capitalisation pillar (based on pension savings) was also created. Finally, the third pillar of voluntary pension savings was added and supported with certain increased tax advantages. The newly created pension fund management companies were responsible for the management of half of old-age social security contributions (9% deducted from the gross wage).\(^55\) However, the present government of Robert Fico does not consider the pension system reform successful. His government reduced the contribution rate to the second pillar from 9 to 4% of gross wage and reopened the second pillar in order to allow the clients to leave it and return to just the first one.

3.3 The Health Care Reform

The health care reform aimed to consolidate the financial situation of the sector. The government attempted to privatise the providers or place them under the ownership of local or regional governments or non-profit organisations in order to avoid further debts. Health insurance companies were also transformed into joint-stock companies, while small fees were introduced for consultations with physicians (primary care) or visiting specialists, prescription drugs, hospital stays and medical transport. The main objective was to decrease the excess demand and provide doctors/hospitals with additional resources.\(^56\) However, the reform was not completed since the government was not successful in transforming the largest university

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\(^{55}\) ibid., pp. 17-22.

hospitals into joint-stock companies. Another deficiency was the fact that the state General Health-Care Insurance Company remained the single dominant player on the (insurance) market, while private health-insurance companies play only minor roles. Recently, the Parliament abolished small fees paid to doctors for priority appointments.

3.4 Reform of Public Administration

The most complex reform of public administration in Slovakia was introduced in 2001. The reform consisted of four components: 1) new territorial arrangement of the Slovak Republic, 2) decentralization of competences, finance and political power, 3) reform of public administration authorities, including the creation of the second level of self-government, cancellation of district offices and reorganisation of the local and central state administration bodies, and 4) modernisation, including education of employees in public administration, informatics, management, and auditing. The most visible outcome of the reform was the creation of elected self-government bodies of the second level. However, not all objectives were achieved. There are several areas in public administration reform that still remain unfulfilled, e.g. in terms of spreading of decentralised competences and elimination of competences divided between the state administration and self government, or changes to the territorial arrangement. As for the latter, Slovakia is still divided into eight regions that do not correspond with historical reality, dividing natural historical regions. Such a division was imposed by the Mečiáров Government and was criticized by the representatives of Hungarian minority as it divides the community into several parts. The current government of Prime Minister Robert Fico does not intend to implement the still missing parts of the 2001 reform, but is instead trying to implement a new one, under the title Effective, Reliable and Open State Administration (ESO). The result of this reform should be a slimmer, less costly and more effective system of state administration. In fact, the ongoing reform is more supportive of centralisation than decentralisation.

4. Structural Funds

As a recipient of financial resources from the EU Budget, Slovakia considers structural funds a high priority. Together with other net recipients, Slovakia has been an active player in the informal club of countries called “Friends of Cohesion Policy” and has managed, together with Poland and Hungary, to secure the highest amount of EU funds per capita for the financial period 2014-2020.

The total allocation from Cohesion Policy funding for the period 2007-2013 was EUR 11.6 billion. Since the beginning of the funding period 2007-2013, amongst other achievements, EU Cohesion Policy investments helped Slovakia to create more than 2,671 jobs, including almost 2,000 jobs created in SMEs; provide direct investment aid to almost 1,000 SMEs; support around 100 SME start-ups; serve 3,300 more people

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through waste water and water projects; and improve public transport in various regions of Slovakia by purchasing new passenger trains, reconstructing the railway lines, etc. 

However, Slovakia has obvious problems with efficient and transparent use of EU funds. By the end of the financial period 2007-2013, Slovakia managed to allocate only little more than half of the available funds. This result positioned it among the worst performing members in this regard, together with Bulgaria, Romania, Croatia and Malta. According to a national report on the implementation and drawing of EU funds, at the end of June 2014 the level of allocation reached 55.42% of the available sources.

In 2014, out of 11 Slovak Operational Programmes from the period 2007-2013, the European Commission suspended funding for nine, while only the ones dealing with the environment and (partially) employment and social inclusion remained unaffected. There is a real possibility that Slovakia will lose a substantial part of the resources available from the EU Budget. In its evaluation of the 2015-2017 National Budget Proposal the Council for Fiscal Responsibility warned that Slovakia might lose hundreds of millions of Euros from the EU budget for 2007-13. The European Commission definitely cancelled a significant portion of the already approved payments. By mid-2014 the funds that are not going to be paid from the EU Budget (as a result of breaking of EU or Slovak rules during their use) has reached EUR 135.7 million.

Adequate exploitation of structural and investment funds remains a priority for the financial period 2014-2020 as well. According to the agreement signed with the European Commission in June 2012, Slovakia will receive EUR 14 billion in total under the Cohesion Policy for the period 2014-2020. It will also receive a grant in the amount of EUR 1.5 billion for rural development and a budget of EUR 15.8 million for the shipping and fishing industries. As regards the European Social Fund (ESF), Slovakia will receive EUR 2.2 billion to promote employment and social inclusion.

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65 The European Structural and Investment Funds consist of the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund, the European Fund for Maritime and Fisheries Fund (EFF) and the European Agricultural Fund for Rural development (EAFRD).


67 Funds for cohesion policy will be distributed as follows:
- $ 9.2 billion for the least developed regions (entire country, except Bratislava)
- 328.7 million for the more developed regions (Bratislava)
- 4.2 billion under the Cohesion Fund
- 223.4 million under the European Territorial Cooperation (Interreg)
- 72.2 million under the Youth Employment Initiative.
The priorities set by the Government within the framework of the cohesion policy are aimed to:

- Promote research and innovation, as well as the use of ICTs;
- Strengthen the competitiveness of the agricultural sector, including fishing and aquaculture;
- Promote sustainable transport systems and the fight against congestion in key infrastructure;
- Support the creation of sustainable employment and labour mobility;
- Invest in education and lifetime learning;
- Promote social inclusion, the fight against poverty and all forms of discrimination.68

In 2014-2020, Slovakia will manage seven operational programmes under EU Cohesion Policy. Of these, five programmes will receive funding from the European Regional Development Fund (ERDF) and the Cohesion Fund, one programme from both the European Social Fund (ESF) and ERDF, and one from ESF, including Youth Employment Initiative.69

5. Relevance of Regional Structures – the Visegrad Group

Slovakia has been actively participating in several regional initiatives. As a part of the Czechoslovak Federation it became a member of the Pentagonal, a confederation of which Yugoslavia was also a member. The Pentagonal later developed into the Hexagonal, finally transforming into the Central European Initiative. Slovakia was also the founding member on the Central European Free Trade Area (CEFTA), which aimed to prepare Central European countries for entering the single market of the EU. Though CEFTA still lives under the name CEFTA 2006, it nowadays encompasses only non-EU countries. For Slovakia and other countries from ECE, the membership in CEFTA became irrelevant after they joined the EU in 2004 or 2007. The newest regional initiative that is currently being developed on a macro level is the EU Strategy for the Danube Region. Nevertheless, out of all the regional initiatives and groupings, the Visegrad cooperation has been the liveliest and most efficient one. An evaluation of the Visegrad Four’s activities in the last decade may be summarized by the following three statements: the V4 is becoming an increasingly efficient form of regional cooperation in Central Europe, an increasingly dynamic regional platform within the EU, and an increasingly sought out partner for cooperation in the neighbouring regions of the Eastern Neighbourhood and Western Balkans.

Soon after the accession of the V4 countries to the EU, sceptical voices appeared questioning the future of the V4. The reservations of the critics who targeted Visegrad cooperation pertained especially to excessive expectations concerning the possibilities of this initiative. However, the pragmatic interests of V4 countries in cooperating with each other and creating a grouping, comparable in its importance with other regional initiatives as Benelux or the Nordic Council, overcame the unfavourable opinions of the sceptics. If the expectations of the cooperation implemented in the V4 format were realistic, and if they were generated against the background of the current basis of institutions and agreements, one may conclude that twenty years of V4 existence brought several important successes.


The main areas of cooperation in the post-accession period were then identified in the so-called Kroměříž Declaration and attached to the Guidelines on the future areas of Visegrad cooperation. The latter also more precisely described the mechanisms of cooperation, while mentioning the specific role of the meetings of Presidents of V4 countries and the cooperation of Parliaments. The last declaration was adopted in Bratislava on the occasion of the 20th anniversary of the Visegrad Group; besides evaluating the previous achievements, it concentrates on the future commitments in the EU and broader trans-Atlantic space.

There is a consensus in the Visegrad Group not to enlarge the group and not to institutionalize it beyond the level of the International Visegrad Fund (IVF). This means that there is political will to maintain regional cooperation mostly as an informal platform for consultations on various issues of joint interest at the level of Prime Ministers, other Government and State representatives, as well as experts. It may be, however, argued that the tradition of regular political and expert meetings has already become a specific form of institution. It means that the V4 can be characterized as a rather informally institutionalized regional initiative. On the other hand, the steadily increasing budget of the IVF and the support from V4 Governments, together with a steadily growing number of grants and scholarships – also for non-Visegrad countries – prove that the importance of the IVF is irreplaceable to the V4.

The issue of V4 institutional background change has been, and still is, irrelevant and the Visegrad partners unanimously agree about the so-called low institutionalization of the V4, emphasizing the attached benefits which consist of a higher degree of flexibility and thus higher ability to quickly respond to current challenges. What remains open, however, is the extent to which the existing form of cooperation is being exploited, as well as the exploitation efficiency of the individual instruments of cooperation. Although obvious progress was made in the last twenty years within this context, the possibilities of strengthening the existing cooperation mechanisms or even creating new instruments to reinforce cooperation are far from exhausted.

The European Union offers Visegrad countries an important instrument to advocate their own as well as regional priorities or policies. The strengthening of coordination mechanisms within the framework of the V4 formula on the European level is a fact, although in certain areas the V4 countries sometimes fail to achieve general agreement. It is not surprising that the challenges the V4 faces now, as well as its most important goals, are to a large degree inter-connected with EU policies. It can be argued that the main European themes will dominate the Visegrad agenda also in the future.

One of the biggest challenges the V4 faces is connected with the possibility of transferring the best practices to the neighbouring regions of Eastern and South-Eastern Europe, as well as providing them with adequate political support. This includes going forward in cooperation with eastern neighbours within the Eastern Partnership initiative, where the main goal is to get the Eastern neighbours closer to EU standards on political, economic, and societal levels. Furthermore, the objective is to provide support to countries of the Western Balkans and their integration into EU. Here V4 countries can not only ‘give them a lecture’ but also provide concrete information about

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problematic issues the V4 countries had faced on the way to the EU accession, so that the Western Balkan states can avoid making the same mistakes.

The energy security is another very important topic touching upon all of the V4 countries, within which new forms of greater cooperation are being pursued. Since all the V4 countries are dependent on foreign energy resources - though to a different extent - the coordination of their positions in the field of energy security represents a natural step. Introduction of regular meetings on issues related to energy security at a sector level shows an increasing willingness to establish further coordination among the Visegrad partners. Nevertheless, the V4 countries still face a number of challenges that must be solved in order to make the cooperation in the field of energy more effective. For example, the fact that transit networks between V4 states are not completely interconnected presents a significant problem.

Cooperation in the area of security and defence is becoming an important priority for the V4. Though past initiatives in this field – e.g. the joint modernisation of inherited Soviet helicopters – have not been very successful, prospects for future cooperation are rather promising. The most important initiative is the establishment of the EU V4 Battle Group that would function from 2016 under Polish leadership.

6. Main Achievements and Lessons Learned
– Summarizing the Period of “Catching Up”

The integration of the Slovak Republic to the EU and NATO represents so far its most remarkable success following the “Velvet Revolution” of 1989. With the accession to both integration structures Slovakia achieved its most important foreign policy objective, while the fact that it became a member of both NATO and EU also significantly influenced its internal environment and domestic policies, especially the accession to the EU which be viewed as a trigger for the modernisation of the entire country.

The accession to NATO provided Slovakia with an opportunity to profit from the collective defence system. On the other hand, the membership itself also implied new responsibilities. Though Slovakia proved to be a reliable ally of the Alliance, one significant commitment remains unfulfilled. Until now Slovakia has been spending only about 1% of its GDP on defence, while before the accession it had made a commitment to spend 2% of its annual GDP. Though the President of the Slovak Republic declared during the last NATO Summit in Wales that Slovakia will try to increase defence spending to 1.6% by 2020, additional efforts are still to be made in order to achieve this objective.73

In terms of EU membership, Slovakia reached the highest possible level of integration. It successfully entered the Schengen Zone and it is no more the object of any restrictions in terms of free movement of the labour force and services (neighbouring Austria and Germany were the last “old” EU members to eliminate such restrictions as the transition period ended). Slovakia was the only V4 country which managed to adopt the single currency and become a member of the Eurozone. It should be underlined that membership in the EU still enjoys quite high popular support. On the other hand, the interest of Slovak citizens in European affairs is low, as demonstrated by a low turnout during the European Parliament elections (the lowest in the entire EU).

Slovakia was also successful in the adoption of several reforms. It was the first country in East Central Europe which adopted the flat tax. This decision, together with the adoption of other accompanying reforms, made Slovakia one of the most interesting destinations for FDI. Slovakia was also ranked highly among the most reformist

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countries in the world. Nevertheless, some of the reforms, especially the tax reform, the pension reform and the health care reform either underwent significant changes or have been at least partially abolished. The flat tax was abolished, while the second pillar of the pension system has been continuously marginalized. The health care reform has remained incomplete, while some of its already implemented parts, like priority appointment fees, were abolished. The extensive reform of public administration that began in 2001 has also been implemented only partially, while the recently launched reform of the state administration goes to a certain extent against the 2001 reform, as it supports centralisation.

From the economic point of view, the decade of EU membership was a clear success. As regards the convergence towards the EU average, Slovakia performed better than its Visegrad neighbours, taking a significant leap forward in the period of just several years. The Slovak GDP per capita, in purchasing power standards, increased from 57% of the EU average in 2004 to 75% in 2012. The number would have probably been higher if the economic crisis of 2008 had not hit Slovakia with such intensity. On the other hand, Slovakia failed to use the allocated EU funds adequately, and there is danger that relatively significant amounts of these funds will be lost. Enormous regional disparities remain a problem even ten years after the EU accession, along with unemployment.

Regarding the European Foreign and Security Policy, Slovakia has been more of a reliable implementer than a policy driver. Nevertheless, in terms of support for the EU enlargement and open door policy, it has always been a convinced supporter of integration ambitions of the Western Balkan countries. Through technical and development assistance it supported several projects in the Western Balkans – the project of the National Convention on the European Union which was recently launched in the fourth country within the region (Albania) being one of the examples. The activities of the Slovak diplomacy at the high EU level are connected with one name – Miroslav Lajčák, who served as Special Envoy of the EU High Representative for Common Foreign and Security Policy for the purpose of the referendum on the independence of Montenegro, as High Representative and EU Special Representative in Bosnia and Herzegovina, and finally as the EEAS Managing Director for Russia, Eastern neighbourhood and Western Balkans. Besides M. Lajčák, Edurad Kukan can also be mentioned as an example, since he served as Rapporteur for the Western Balkans in the European Parliament. However, generally there are only about 14 Slovaks at the EEAS, while until recently no Slovak diplomat occupied the position of Ambassador. The status quo changed, however, with the nomination of the State Secretary of the Slovak Ministry of Foreign and European Affairs, Peter Burian, to the position of EU Special Representative for Central Asia.

There are no doubts that Slovakia benefited significantly from its informal membership in the Visegrad Group. Though V4 is a softly institutionalised initiative, it provides participating countries with the opportunity to pursue their national interests on the regional, as well as the broader European level. Being the smallest V4 country, Slovakia has taken advantage of having the other three V4 countries as its closest collaborators in the EU, and the fact that other V4 countries helped it a significantly in the pre-accession phase should also not be forgotten either. Though V4 countries did not always speak in one voice, the Visegrad Group proved to be a successful regional initiative in the European Union. Soon after their accession to the EU, the V4 countries managed to find new priorities and goals, support for integration ambitions of


Western Balkan countries being one of them. The V4 managed to improve coordination on the EU level and serve as the “core” for broader initiatives in the fields like energy and climate policy, transport and spatial planning, or cohesion policy. Three Slovak V4 presidencies that were held in the post-accession period have been successful, though in the case of the last one – 2014/2015 – it will be necessary to wait until June for a final assessment.

7. Recommendations

In light of the above, the following recommendations can be put forward:

To Serbia and other Western Balkan countries

- Continue the implementation of necessary reforms regardless of the progress in the EU integration process. The reforms as such are helping to modernise the countries and are beneficial for them. In times when enlargement policy is not given the priority in the EU, the focus should be on technical/sectoral aspects of the integration process;

- Strengthen the existing forms of regional cooperation and bilateral ties with the countries in the region. In this context, specific attention should be paid to the newly established Western Balkan Fund, which was inspired by the International Visegrad Fund;

- Intensify the exchange of experiences and best practices from the integration process with other countries in the region, both on governmental and non-governmental levels;

- Initiate and/or support joint projects aiming at European integration with partners from Visegrad countries. Though the experience of V4 countries from the integration process might seem outdated, the V4 countries can still provide WB countries with adequate experts that have direct experience with the accession process. In addition, V4 countries have ten years of experience working inside the EU institutions.

To the European Union

- Provide the enlargement policy with adequate support and continue the open door policy. The enlargement policy has belonged to the most successful EU policies and it therefore deserves particular attention;

- Enable any candidate country to accede the European Union as soon as it fulfils all the criteria;

- Reflect adequately the progress made by individual candidate countries, especially in terms of the implementation of important reforms, and speed up the integration process wherever possible;

- Complete the Stabilisation and Association process with Kosovo and sign the SAA without any delay;

- Support by all means the intensification of regional cooperation in Western Balkans and provide the most viable and most efficient regional initiatives with adequate financial support.
How to lobby for Serbia’s EU membership and for other Western Balkan countries in the period characterised by internal EU reforms and the freeze on enlargement – recommendations to the V4

Though the V4 countries are seriously concerned about the developments in Ukraine, they should continue to pay adequate attention to the European perspective of Western Balkan countries both on regional (V4) and EU levels. The V4 has the potential to become the core of a broader group of like-minded member states supporting the accession of Western Balkan countries to the European Union. The V4 countries are recommended to continue using the annual summits of the V4 Foreign Ministers and their Western Balkan counterparts to discuss openly the ways of concrete support and assistance. Besides the high level representatives of the European Commission and EEAS, relevant Ministers from the most influential EU member states should be invited;

The grants provided by the International Visegrad Fund in the framework of the Visegrad + program serve as an important tool of cooperation among the V4 and Western Balkan countries. In this context, the support for concrete projects promoting joint actions on the EU level is therefore worth considering.

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Ten Years of Membership in the European Union - Hungary

Summary

This report presents an overview of Hungary's first decade as member of the European Union and offers recommendations for Serbia and the other Western Balkan countries on their path to joining the EU. It also provides a historic account of Hungary's Euro-Atlantic integration and the way this process affected national foreign and security policies. It touches upon the country's potential to exert influence over the European Foreign and Security Policy and lays out the reform process in public administration and the overall consolidation of national institutions. The report describes Hungary's experience with European Structural Funds, which amounted to as much as 10% of the national budget.

For many years Hungary was viewed as one of leaders in terms of European integration and economic development in the region, but from 2010 on, the country became partially isolated and many of its previous achievements started to fade in light of the highly contested recent economic and constitutional reforms. Hungary today is, no doubt, wealthier and better integrated politically and economically into the EU; however, it still falls short of many expectations. Nonetheless, Hungary's experience, particularly in the regional structures like the Central European Free Trade Agreement and the Visegrad 4, offers valuable lessons for other countries and regions. As EU enlargement is important for Hungary and the Visegrad 4, Serbia and other Western Balkan countries are, indeed, natural beneficiaries of this experience.

1. Introduction – A Short History of Euro-Atlantic Integration

Hungarians have been looking westwards for much of the post-World War II period. Forces beyond Budapest’s command have enlisted the country into the Eastern Bloc. Despite the courageous efforts of freedom loving Hungarian youth during the 1956 Revolution, the country remained part of the Communist Bloc until the fall of USSR. However, this did not completely prevent Hungary from pursuing its national interests, which it did by joining GATT in 1973 as well as the World Bank and IMF in 1982. Furthermore, as Soviet influence waned in the late 1980’s, Hungary became increasingly keen on establishing ties with Europe and the broader Euro-Atlantic Community. It quickly became a leader among the Central and Eastern European countries by...
establishing diplomatic relations and a trade agreement with the European Community in 1988. The following year along with Poland, Hungary was included in the PHARE program.

Following the first free elections in March 1990, European integration became the country’s main foreign policy goal. Association talks began shortly thereafter, which led to the Association Agreement in December 1991 that included Hungary’s European aspiration. The Copenhagen criteria introduced in 1993 opened the door for all the new democracies of Central and Eastern Europe to join the Union upon the fulfilment of the three requirements. Hungary applied for EU membership in April 1994. Formal accession talks began a year later. Hungary had negotiated and closed all of the accession chapters in time for the 2002 Copenhagen Summit. The country was ready to sign the Accession Treaty, but not before asking for the opinion of its citizens, who responded overwhelmingly (83.76%) in favour of EU accession in the April 2003 referendum. Hungary became a member of the European Union on 1 May 2004.

However, the path to full-fledged membership took another several years. Accession to the Schengen Agreement ensured freedom of movement in late 2007. Temporary restrictions on labour were lifted in 2009. Yet, many believe that it was not until Hungary’s rotating EU Council presidency during the first half of 2011 that it achieved real integration into the EU institutional and decision making structures. Despite the low expectations of Hungary’s tenure, the country has been able to successfully finalise accession talks with Croatia, adopt the European Danube Strategy, as well as launch a new procedure for coordinating the economic policies of EU member states over six months called the European Semester.

NATO accession was the other major track of a broader Euro-Atlantic integration process. In light of developments in neighbouring Yugoslavia, but more importantly, following its national interest of acquiring tangible security guarantees, Hungary considered swift NATO accession as early as 1991 when the Visegrad Group was established to facilitate regional cooperation and push for Euro-Atlantic integration. All the Visegrad countries, except Slovakia, were invited to join NATO in 1997. The same year Hungarians expressed their overwhelming (85.33%) support for NATO accession in a referendum. The country finally joined the Alliance in March 1999. Secretary Albright then famously declared: “Never again will your fates be tossed around like poker chips on a bargaining table. You are truly allies; you are truly home.”

Hungary has been consistently regarded as an example among former candidate countries in terms of political and economic transformation, but political developments under the Orbán government after 2010, specifically the crack down on civil society and media, as well as the promotion of ‘illiberal democracy’ model, may undo much of that success and undermine the country’s image in the EU and beyond.

2. Impact on the National Foreign and Security Policies and Exerted Influence on the EFSP

Hungary’s Euro-Atlantic integration had significant impact on the outlook and conduct of Hungary’s foreign and security policy. At the same time, a relatively small country like Hungary cannot expect to have significant influence over the EU’s Foreign and Security Policy. As the Lisbon Treaty changed the voting mechanism in the Council of Ministers, V4 countries as a block are now further from a blocking minority threshold.
- at least four member states representing at least 35 percent of the EU population.\cite{hegedus2014}

Luckily for V4 countries, consensus decision-making culture underpinned by the unanimity principle is here to stay. Still, a relative loss of power in areas where qualified majority voting applies, like the appointment of special representatives, poses questions about V4’s future capacity to exert influence as a block.

There is no doubt that Hungary has benefited greatly from NATO and EU membership. On a strategic level, Hungarian foreign policy has been focused on ensuring that Hungary becomes a successful member of both EU and NATO, able to capitalize on full membership by effectively promoting its interest. The effects of NATO membership can be summarized in three main aspects: transformation of the Hungarian security and defence policy, vividly reflected in its strategic documents; compatibility and interoperability within fellow NATO members; and finally in terms of input of Hungarian Military to NATO’s collective defence and crisis management capabilities.\cite{czulda2015}

It still remains a work in progress, much like the equally important but somewhat less tangible effects, such as acceding to a new institutional culture and boosting democratic control over the defence sector.

Membership in the EU has had a major impact on national foreign and security policies. The very fact that Hungary became integrated into the Common Foreign and Security Policy exposed the country to the institutional dynamics of it, but more importantly availed a continuous flow of information not just from the region, but from the entire world, thus broadening the foreign policy scope and potential benefits. On its own, Hungary could not possibly count on such global reach. Now, with the institutionalisation of the External Action Service, Hungary can benefit from the shared pools of diplomatic resources, which is a valuable asset in today’s highly globalised and competitive world. Hungary is, therefore, committed to improving the functioning of the European External Action Service, and thereby to enhancing the efficiency of the Common Foreign and Security Policy. The country is also determined to keep its active role in the international crisis management missions of the EU.\cite{hungary2015}

Hungary now has the means to implement a much more ‘globally open’ foreign policy, yet it naturally tends to focus on its neighbourhood, as that is where its core interests are. Its National Security Strategy emphasizes the role of the EU’s Neighbourhood Policy and its Eastern dimension.\cite{hungary2015}

It also spells out Hungary’s support for the Western Balkans countries’ plan to join the EU. Indeed, Hungary oversaw the successful completion of accession talks with Croatia during its EU Council presidency in 2011. According to the Hungarian Government, enlargement to the Western Balkans is in Hungary’s fundamental interest, taking into account the ethnic situation in the region. Therefore, Hungary is a big proponent of EU’s cultural diversity policies. Hungary also considers Turkey’s membership in the EU of strategic interest both to Hungary and the EU.\cite{hungary2015}

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\begin{itemize}
\item \textsuperscript{79} The Europe policy website of the Hungarian Government. “Europe policy of Hungary: Enlargement by fulfilling the criteria”. Available at: http://eu.kormany.hu/europe-policy-of-hungary (accessed February 14, 2015).
\item \textsuperscript{81} The Europe policy website of the Hungarian Government. “Europe policy of Hungary: Enlargement by fulfilling the criteria.” Available at: http://eu.kormany.hu/europe-policy-of-hungary (accessed February 14, 2015).
\end{itemize}
After accession, Hungary has been committed to making the Euro-Atlantic community more relevant and secure, while at the same time boosting its own standing in the process. In time, Hungary has actively participated in NATO-led SFOR and KFOR missions in the Western Balkans, as well as in EU security undertakings in Kosovo (EULEX), Moldova (EUBAM) and Georgia (EUMM). However, in recent years one could witness an increasing drive for a more independent national foreign policy guided by the proverbial ‘Eastern opening’ policy. Although the Orbán Government’s rhetoric against Brussels and Washington is largely driven by current political conflicts, it clearly reflects how Euro-Atlantic and particularly EU integration has changed from ‘something wanted’ to ‘something alien’ and into a ‘we’ versus ‘they’ dichotomy in Hungarian governmental communications.

Despite these temporary antagonisms, there is no denying that Hungary is a net beneficiary of Euro-Atlantic integration. Even though the country may find it difficult to ‘upload’ its interests to the Brussels agenda, it has the tools to make its voice heard and, in cooperation with V4 countries or other partners, help steer European foreign and security policies into the future of a safer and stronger Europe.

3. Reform and Consolidation of National Institutions and Sequencing of the Public Administration Reform

Hungary was a frontrunner in the late 1980s and early 1990s in public administration reforms, given the fact that it was the first in Central and Eastern Europe to “embark on a civil service reform”, although it has started backsliding by the early 2010s. This decline can be demonstrated in the case of public administration reform. Hungary had a good start, as there were some positive changes in public administration already in the 1980s with more professionalization and less over-politisation, which resulted in the early reforms of public administration. Hungary was, indeed, the first to pass wide-ranging reform legislation in 1992, re-regulating and separating the field of labour relations in the private market economy from civil service and public employment in three different but well-coordinated laws. Although this legislation had a positive effect on the fields concerned, the general Central and Eastern Europe tendency of the closed political patronage still prevailed. From 1990 until today, all the governments had a tendency to politicise and move towards professionalism slowly.

The last EU progress report for Hungary, issued in September 2003, provided an overview of where Hungary stood in implementing all the commitments and requirements arising from the accession negotiations for each acquis Chapter, and also showed the overall state of readiness of the public administration. The reform of the Hungarian public administration was aiming at the functional, organizational and legal modernisation of the system. The overall responsibility for the reform was in the hands of the Prime Minister’s Office and the Ministry of the Interior. As regards the functional modernisation of the public administration, their efforts at the time focused on devolving official powers to the lower levels of government and to non-governmental agencies, as well as on deregulation. As to the general organisation, the re-structuring of the central administration was largely completed in 2000. Following developments...
a Government restructuring in May 2003, two completely new ministerial portfolios were created at the Prime Minister’s Office: a Minister without portfolio in charge of the co-ordination of European Integration Affairs and a Minister without portfolio in charge of Equal Opportunities, which do not exist today.

The new Minister for EU Affairs had the task of supervising the National Development Plan, the preparations for Structural and Cohesion Funds, and the coordination of EU affairs across the Hungarian administration. In September 2002, a Government Commissioner was appointed to design uniform regulations for the public service, with the exception of judges and prosecutors. Approximately 815,000 people working in the public sector were governed by four laws, multiple wage systems, and an even wider variety of benefit packages. A plan on further steps in the public administration reform was submitted to the Government in August 2003, focusing on three areas: regional development, local self-government and state administration. In accordance with the reform plan, local governments were to be reorganized into economic and geographic regions and counties were to be grouped into larger regions. To that end, elected regional governments and regional public administration offices were to be set up.

The statistical-planning regions – set up mainly in view of the EU Structural Funds – were to serve as the basis for regional public administration. The reform was supposed to be finalised in 2006, in time for the following elections. Although the process of aligning local government legislation with EU requirements has started, it was still in its initial phase. The Ministry of the Interior at the time opened a centre with a staff of seven to assist local governments in the implementation of EC legislation. More than half of all the public servants received a 50% gross salary increase as of September 2002. The main objective for this was to reduce the considerable gap between the salaries earned in public service and those of the private sector. Training for civil servants was based on the medium-term action plan covering the period 2003-2006. Preparation for accession and operation as a member state were the main features of the training programs. While general EU training for civil servants appeared to be on track, more sector-specific training was needed. In September 2002, a public administration database was set up, containing data on civil servants such as their educational level. Such data assisted the Government in designing training schemes for civil servants.

From 2010, when the second Orbán Government came into power, it introduced a new policy on administrative reform aiming at political control of administrative apparatuses. It involves a range of elements, even beyond the executive branch, such as:

- Ministerial structures underwent extensive structural changes and eight integrated ‘super-Ministries’ emerged;
- Regional branches of agencies have been integrated to the 20 county level ‘government offices’ directed by the Government and headed by political appointees;
- In line with the new Law on Local Government, effective from 2013, local governments’ scope of duties have been reduced;
- New civil service legislation put recruitment and hiring of central state administrative apparatus under strict vertical (administrative and political) control;
- Newly introduced provision enabling employers to dismiss civil servants without any justification was invalidated by the Constitutional Court.

4. Practical Experience with the EU Structural Funds

EU Structural Funds are the single biggest non-repayable amounts that member states have ever received. EU funding amounts to 3-4% of the CEE countries’ GDP annually (until 2013) and 2.7% after 2014. Due to the crisis, the EU resources together with the 15% national co-financing represent 90% of all public development
resources. They are essential for catching up and speeding up growth. All sectors and key institutions, such as SMEs, NGOs, public or state institutions, local governments, are largely dependent on these programmes and resources.

For the period 2007-2013, Hungary benefited from the European Regional Development Fund by €25.3 billion, illustrated in the table below, "which is three times more money for the development of the projects than in 2004-2006". The Fund investments helped Hungary create more than 75,000 jobs, assist the start-up of more than 1,250 businesses, provide direct investment aid to more than 32,000 SME projects, while almost 50% of the Hungarian population benefited from improved urban transport. Hungary was allocated very large funds relative to its national budget and therefore there were some contractual dilemmas as well. As a matter of fact, no member state received a higher allocation of Structural Funds as a percentage of GDP for the period 2007-2013 than Hungary. The percentage of programs financed by structural funds and obligatory national budgets amounted to as much as 10% of the national budget.

Figure 2 - Allocations of EU funds for CEE countries in 2007 – 2013 (€ billions)


86 Károly Mike and Gábor Balás. “Contracting for Structural Funds: How the EU’s rules of the game shape behavior of Member States governments”, HÉTFA Research Institute and Center for Economic and Social Analysis, HÉTFA Working Paper, No. 8, 2014, pp. 31-32.
The Cohesion Policy in Hungary aims to do the following:
- Promote employment through economic development, employment, education and social inclusion policies;
- Increase energy and resource efficiency;
- Tackle social and demographic challenges;
- Improve competitiveness and global performance of the business sector;
- Implement local and territorial development aimed at promoting economic growth.

Until 31 July 2013 the central institution for operating the EU tenders in Hungary was the National Development Agency (NDA), established by the Government in 2006 from the National Development Office. It coordinated the drafting of the national development plan, operational programmes and action plans, approved invitations to tender and set up evaluation committees that lay down the groundwork for the selection of developments and investments deemed suitable for support. The Government, on the other hand, handled strategic decisions, such as the approval of two-year action plans, the national development plan and its operational programmes, as well as their submission to the EC. It was also deciding on support for special projects and high-value developments (those with a budget of over HUF 5 billion). The structural and cohesion funds per programme from 2007-2013 in Hungary were allocated in the following way: transport (25%), regional operation programme (23.2%), environment and energy (16.8%), social renewal (14%), economic development (10%), social infrastructure (7.8%), implementation (1.3%), e-administration (1.4%), and state reform (0.6%).

While the EC is supposed to control how national governments spend structural funds, control mechanisms within the country are weak. Although the Hungarian system consists of a complex auditing and controlling mechanism and a detailed definition and policy to tackle irregularities, the definitions and procedures of audit and control still focus only on financial irregularities, without taking into account professional implementation and qualitative outcomes. The main responsibility of the NDA was to supervise public procurements, while the Hungarian State Treasury carried out audits on behalf of the Managing Authorities. Both internal and external audit systems were in place at the NDA and at the Intermediary Bodies. The internal department audits were not only the activity of the NDA, but of the Intermediary Bodies as well. External audit was performed by the State Audit Office, which supervised the overall control and audit activity of the system of EU Funds implementation. It had the right to inspect all the above listed agencies and final beneficiary organizations. However, planning and decision-making was centralized, with formal involvement of partners, and there was limited transparency of the decision making. There were also poor public and civil controls, as well as risk of corruption and bad management. The control procedures were placing little emphasis on the qualitative aspects of the project implementation, usually not engaging in anything more than mere control of compliance with quantitative indicators set in the proposals. They did not examine if the value-for-money principle was employed, neither in the project selection phase nor during the control of the projects.

87 Kalman, Judit. “Derangement or Development? Political Economy of EU Structural Funds Allocation in New Member States - Insights from the Hungarian Case”, CPS Working Papers, the Centre for Policy Studies (CPS), Central European University, 2011, p. 7.
88 Mosonyi, Balázs. “Benefits and costs of EU membership.” Lecture, 10 years in the EU – Taking stock and assessing prospects from the Central European University, Budapest, Hungary, 14 April 2014.
90 Based on the 4/2011 Governmental Decree: regularity control, control of site audits, targeted investigation and project audit.
On 31 July 2013 the NDA was succeeded by the Prime Minister’s Office and is currently led by Minister of Prime Minister’s Office János Lazar who directly reports to Prime Minister Orbán. The new agency is responsible for coordinating the usage of EU grants and for monitoring the effects of measures proposed during the implementation phase of these EU development grants. Its task is also to inform the Government concerning its findings. In addition, it undertakes activities related to the decision making process of remedy proceedings of the NDA and other involved agencies and deals with tasks related to the management of the NDA. Minister Lazar said that the previous institutional system for the disbursement of EU funding was a mistake and that the entire system should be returned to state management, emphasizing that “the liability system is clearer, simpler and more transparent” if the process is supervised by a Ministry instead of it being outsourced into a ‘dead space’.

Hungary had almost 100% fund absorption, which was a political priority from the beginning. However, nowadays the country lags behind. It was the 23rd performing country in the EU in 2013, compared to being one of the best in 2009-2010. Hungary achieved some of the best results in setting up more than 80,000 individual projects with a total investment volume of 5-6% of the GDP annually; new public infrastructure (highways, environmental projects, renewal of city centres, ports, public transportation, hospitals, schools); and substantial support for research and development.

In late August 2014, the EC adopted a partnership agreement with Hungary on the Structural and EU Investment Funds for the period 2014-2020. The funds include the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund, the European Maritime and Fisheries Fund (EMFF), the European Agricultural Fund for Rural Development (EAFRD). The agreement will provide Hungary with €21.9 billion under the cohesion policy (including the first three funds) until 2020. In addition, Hungary will also receive a grant of €3.45 billion for rural development and €39 million will be available for the maritime sector and fishing. The main beneficiaries and the amount of allocated funds are divided as follows:

• €15 billion for less developed regions;
• €436.7 million for more developed regions;
• €6 billion through the Cohesion Fund;
• €361.8 million for European Territorial Cooperation;
• €49.8 million for Youth Employment initiative.

5. Singing Out the Main Achievements and Failures

Until 2010 Hungary was considered a pioneer in the European development process, but from then on it became a partially isolated lagger in the broader European development. For many years the country attracted the majority of foreign direct investments and its political system seemed to be stable. Hungary’s population was also clearly supportive of EU membership and the West assumed that its path towards democracy would be faster and less painful than in the other Eastern Bloc countries. However, recent internal events show a drastically different image. If we wanted to summarise Hungary’s main achievements and failures we could say that there are many things to applaud, but many more to be achieved in the coming future.

Main achievements

- Hungary, as well as the rest of the V4 countries, became politically and economically more relevant for the EU than before the accession;
- GDP grew by 36% and Hungary’s trade liberalised and intensified. Exports grew faster after the EU accession (in 2013 total exports rose to a record high of €81.8 billion, whereof 77% was EU-oriented) and Hungary’s relevance became most evident in foreign trade;
- EU-funded projects improved infrastructure, environment, small and medium-sized enterprises as well as research and development;
- Successful first Hungarian presidency of the Council of the EU. One of the priorities was the EU integration of the Western Balkans, with a specific focus on closing the accession negotiations with Croatia;
- Adoption of the Danube Strategy, the macro-regional project, in early 2010;
- Adoption of the Roma strategy in 2010, which suggested coordinated activities in the member states in order to solve the fundamental problems of the Roma such as housing, health care, education, employment and social integration.

Main failures

- Ineffective and poor distribution of EU funds, which were often inadequately channelled and allocated;
- Structural problems, such as high public expenditures (50% of GDP) and low employment (53%);
- Adoption of the new Media Law at the end of 2010 that served not only as a serious threat for the freedom of the media in Hungary, but also violated European values;
- Reduction of the compulsory retirement age of judges, public prosecutors and public notaries from 70 to 62, due to which the EC launched a legal proceeding against Hungary in early 2012. The EC assessed that the legislation was incompatible with EU equal treatment law which prohibits discrimination in the workplace on grounds of age. After Hungary took the necessary measures and brought a new law in 2013, in line with the EU law, the Commission closed the infringement procedure;
- Change of the data protection system in 2012 by the Hungarian Parliament and replacement of the Supervisor of the authority before his full term had expired, in violation of the EU law (Directive 95/46) on independence of the authorities in charge of protection of personal data;
- Adoption of the Fourth Amendment to the Fundamental Law of Hungary which is not in conformity with the EU law, banning political advertising in the commercial media, criminalising homelessness, discriminating relationships by stipulating that marriage is a union only between a man and a woman;
- Law on the so-called ‘Student contracts’ which restrict the right of free movement of students due to the Government financial support;
- Absence of a well-elaborated national strategy and long-term planning on the national level on how to become a ‘real’ EU country. In this respect, the EU only has mechanisms and not practical solutions, and it is sometimes unable to implement its own norms.

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6. Relevance of Regional Structures – CEFTA and Visegrad 4 as Leverages of Accession or Lasting Mechanisms?

On 15 February 2015 it was exactly 24 years since the Visegrad Group was established at a meeting of the then Presidents of Czechoslovakia, Poland and the Prime Minister of Hungary. The key idea of the meetings was a mutual desire to intensify cooperation and friendship, as well as to overcome historic animosities between the three Central European countries. The Visegrad group had the most important role at the beginning of its existence (1991-1993), during the talks with NATO and EU. In the years that followed, the intensity of cooperation decreased as a result of belief that individual efforts towards accession to the Euro-Atlantic integration will be more efficient. The Visegrad group resumed cooperation in 1998, consisting from then on of four countries, Hungary, Poland, Slovakia and the Czech Republic.

The cooperation in this format was not designed to solve debates and settle disagreements between the four, but to make common interests more visible, such as security and energy in Europe. The idea was to highlight and develop those areas of cooperation where they can speak with one voice and those that are beneficial for all four, rather than to focus on divergences. As the goal was never to create a monolith unit of these countries, disagreements have always been there. National governments follow their own policy to gratify its voters at home (and V4 countries are no exception) and several business interests also formed the political discourse in each country. Although V4 countries have always had different views on Russia, as well as different priorities towards Ukraine, recent developments regarding the crisis in Ukraine and perceptions of Russia have driven many experts and journalists to conclude that V4 cooperation was not as coherent as it used to be. However, this is not entirely the case. As it was mentioned earlier, acknowledging differences and focusing on spheres of joint interest are the main driving forces. Especially when it comes to NATO and EU, they undoubtedly adhere to the above-mentioned values and principles, as they all voted for the sanctions on Russia and were supportive of the EU’s Eastern Partnership Programme.

Advantages of being a member of this club outbalance its drawbacks. Weak institutionalisation and the level of administration are some of the advantages which translate into smoother and well-established mechanisms of informal consultations among the political elites of the V4 countries. András Rácz stresses that the V4 group has “an advantage that very few European countries have,” while Tomáš Strážay emphasises that it “is the most efficient format for multilateral cooperation in Central Europe.”

The existence and contribution of the Bratislava-based International Visegrad Fund to the regional development, accession aspirations of the EaP countries, and the scholar

96 Rácz, András. “Visegrad differences will always exist but the V4 is much stronger than critics make out”, Visegrad Insight, 26 September 2014. Available at: http://visegradinsight.eu/visegrad-differences-will-always-exist26092014/ (accessed February 27, 2015).
98 Ibid.
99 Ibid.
and youth mobility confirm the success of the V4 group. The “V4 plus” format — the extended platform of cooperation of the V4 group — shows the attractiveness of the cooperation format. Experts on this region stay optimistic concerning the future of the V4, arguing that it should stay realistic and avoid high expectations since there is no room for deepening the relationship and having joint policy in certain areas, such as further institutionalisation or foreign policy.

The Central European Free Trade Agreement (CEFTA) was signed in December 1992 by the Visegrad countries in Krakow with the aim to create a tool for its members to access the EU. In fact, it is a regional trade integration area, a free-trade zone and a sort of ante-room of the EU membership. The members who already entered the EU automatically left CEFTA. In the 1990s, the joint struggle of V4/CEFTA countries to become members of the Western security block (NATO) went hand in hand with their struggle to be part of the Western economic organisation, the EU. After the founding members and most of its members joined the EU, an agreement on further enlargement was signed at the end of 2006, coming into force in 2007. At the moment there are seven member states: Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro, Serbia and Moldova. The agreement fully conforms to the WTO and EU regulations. Initially CEFTA was not designed to function as a customs union or to foster political cooperation; instead, its primary goal was to remove trade barriers between its members, to enhance intra-regional trade of goods and services and to foster investments.

However, there are still some impediments for CEFTA members on their path towards Brussels, which, according to some authors examining the impacts and result of this integration, can be named as:

• Hesitant attitude of the EU and, as a result, disappointed national governments;
• Disparity of wealth between the EU and CEFTA members;
• Underdeveloped infrastructure of the CEE region;
• Damaged environment;
• EU’s free-movement of labour policy;
• Possibility of trade war among CEFTA members.

These authors also draw attention to the consequences of adopting the common external tariff of the EU, which would result in a reduction of intra-regional exports. For some countries this may be a painful change that touches upon the question of sovereignty. “Despite the increase in trade flows, intra-industry trade remains low compared to intra-industry trade performance in the EU10 countries.”

7. Conclusions – Evaluation of the Catching Up Process within the EU

The Euro-Atlantic integration provided sufficient internal stability and security after the change of the regime in 1989. Although Hungary was at the time widely regarded as the most ‘ready’ and most ‘EU-compatible’ country in Central and Eastern Europe, it actually took Hungary about ten years in terms of GDP per capita to catch up

104 Ibid.
with the rest of the EU. The recovery process started in 1995 and, with NATO membership in 1999 and EU membership in 2004, Hungary was ready to catch up through free trade with the West. In 2012 an increase in Hungary’s foreign trade did indeed occur, but the world economic crisis somewhat reduced Hungary’s numbers. The Hungarian economy is dependent on trade with the EU, and with the absence of a shared currency there is very little room to manoeuvre, as the Hungarian Forint is vulnerable and largely determined almost entirely outside Hungary.105 Due to the Communist regime, one can say that both economically and socially Hungary still generally lags behind the ‘old’ member states. The transition from centrally-planned economy to market economy led to the rise in regional inequalities within the country and the EU Cohesion Policy has to address this problem.106

Hungary today is, however, better integrated politically and economically into the EU. Its citizens are richer, the standard of living has risen, and cities and towns have been revitalized. It is important, however, to remain realistic. The progress is visible, but it still falls short of what many Hungarians hoped for. The pace of growth has been uneven, the new wealth is concentrated in the capital and the quality of infrastructure is not adequate. 5% of the Hungarians have emigrated, and unless they can be attracted back home the country’s demographic situation will change.107

The path towards membership is usually helpful when it comes to fighting corruption and organised crime, strengthening of democracy, human rights and the rule of law, but the so-called ‘post-conditionality’ should not be neglected. Today in Hungary we have the example of Prime Minister Orbán and his controversial decisions on the media and free speech and the independence of the judiciary, all of which demonstrate that the EU does not guarantee answers and programmes for such actions.

8. Recommendations

The EU enlargement is one of the priorities for Hungary and the Visegrad Group. Hungary paid special attention to this issue throughout 2011, during its EU presidency. One of the starting events in achieving this goal was the second ministerial meeting by the Foreign Ministers of the Visegrad Group, dedicated to the Western Balkans and held on 22 October 2010. Moreover, it was preceded by the first ministerial meeting in Budapest held on 6 October 2009. It was there that the Ministers firmly stated that the future of Western Balkan countries lies within the European and Euro-Atlantic community, in line with the Thessaloniki Agenda and the Stabilisation and Association Process, confirmed by the EU-Western Balkans High-Level Meeting in Sarajevo on 2 June 2010.

However, there are still many obstacles to the enlargement process in the Western Balkans resulting from the economic crisis and ‘enlargement fatigue’. The recent statement made by the newly elected President of the new European Commission, Mr. Jean-Claude Juncker, sent a negative message about the future perspectives of EU enlargement on 15 July 2014, when he said the following: “…under my Presidency of the Commission, ongoing negotiations will continue, and notably the Western Balkans

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will need to keep a European perspective, but no further enlargement will take place over the next five years.” The region, indeed, is facing continuous domestic obstacles on the way to the Euro-Atlantic integration: first, internal disagreements; second, reforms which must be accelerated and consolidated; third, democratic foundations in some of the countries remain fragile; fourth, political leaders have a huge responsibility to overcome differences in order to steer their countries and the region towards better governance; and fifth, frequent ethnic turmoil.

Serbia is undoubtedly the key geopolitical element of the Western Balkan region. This country started accession negotiations in January 2014, in parallel with its close neighbour, Montenegro. Albania is yet another country of eminent historical traditions that could contribute to the stabilisation of the Western Balkans. The remaining three countries have specific ‘frozen problems’: the internal structure of Bosnia and Herzegovina, defined by the 1995 Dayton Peace Treaty, is preventing any notable progress towards a self-sustaining sovereign statehood; there is also the not fully recognized status of the self-declared sovereignty of Kosovo (including five EU member states that are refusing to recognise it), and the unsolved problem of Macedonia’s name.

Recommendations for Serbia and the rest of the Western Balkan countries:

Today the EU faces enormous challenges and hurdles. The enlargement environment is more disintegrated than ever, with diverse paces of integration both in the EU and Western Balkans. There is a different negotiation technique required in comparison to the earlier period (more chapters, interim benchmarks and additional emphasis on economic criteria). Serbia and the region should adapt to the new model and use the current ‘enlargement fatigue’ wisely to prepare themselves, both technically and administratively, for the membership in the years to come;

Perceive EU as an instrument, not as a goal. Serbia and the Western Balkans need and can benefit from European values. Despite the present challenges, the EU still has an enormous appeal in the Western Balkans, and it is crucial to continue with the positive developments that have occurred in the region;

Resolve bilateral issues in a timely manner. Croatia lost approximately two years during its negotiation process due to a bilateral dispute with Slovenia. Countries are often unaware of the influence of individual member states. The Western Balkan region is full of unsettled bilateral issues and they should be handled with care and in a timely manner, as it sometimes seems that a country has to negotiate more with its neighbours than with Brussels;

The region should absorb the invaluable lessons from the Croatian accession experience. It is important to communicate and exchange experience about hurdles, technical standards and demanding chapters, making the whole process completely transparent for public, civil society and trade unions;

Improve good neighbourly relations and enhance the process of reconciliation. Regional cooperation in the Western Balkans is progressing but with an uneven pace, mostly due to the changing regional and European environment. It was an externally driven process structured as a coordination mechanism for promoting different types of regional cooperation. Consequently, the interstate cooperation has remained limited, and regional cooperation has developed only to the extent that it remained oriented towards the common goals referring to the future, without
involving the issues related to the problematic regional past. Given their sensitivity, the countries’ resistance to deal with them at the regional level hampered significant development of relevant initiatives and forums (war crime trials, minority protection and reconciliation);

Find a new model of development, growth and employment. Presently, the Western Balkan region is composed of six countries with the population of about 20 million and a total economic output comparable to that of Slovakia alone. This is a clear sign that the region should find a way to improve its economy in order to follow-up on the political engagement taken more than a decade ago;

Be aware of the post-membership situation. For all four Visegrad countries, both EU and NATO are success stories. However, the economic effects of the EU membership are not immediately visible and there are no automatic benefits. It took Hungary about ten years to catch up. This is a matter that should be discussed more extensively in the Western Balkans;

Synchronize and focus activities of regional cooperation. A pragmatic approach is needed in order to enhance cooperation between and among the countries in the Western Balkan region. Several modalities have been explored in practice and those which proved successful should be continued.

**Recommendations for the European Union**

Regain positive momentum. Political enthusiasm in the EU enlargement debate should be brought back to the agenda despite the ongoing challenges in the EU and its immediate neighbourhood, in order not to repeat the ‘Turkish scenario’ in the Western Balkans;

Long-term vision for the region. The EU should create a new long-term perspective/strategy or a regionalized pre-accession strategy for the inclusion of the Western Balkans into the EU. With more engagement from a self-confident Europe, the Western Balkans could become a link to the unstable Eastern and South-Eastern neighbourhood of Europe;

Learn from the past. The EU needs to be more attentive to the open issues that divide the region, aware of history and geography, and encouraging concerning the process of reconciliation and resolution on an equal footing and in the spirit of European cooperation. The open bilateral issues are questioning the credibility of the EU and one of its most successful policies;

Credible conditionality. The issue of credible conditionality is essential to maintain the integrity of the integration perspective. Credible in two instances: first, strict and rigorous conditionality when it comes to reforms and good neighbouring relations; second, a clear commitment by the EU and its member states not to misuse conditionality for irrelevant reasons, thus postponing the accession process;

Reinvigorate traditional ties with the region. The EU has set the bar higher than in previous enlargements. Its ongoing internal challenges resulted in less dedication to the region (mixed accession signals, small incentives). The EU should step up and speed up its engagement if it wishes to leverage its influence. In other words, it should replace its ‘waiting room policy’ with the policy of explicit benchmarks and a timetable to clearly indicate the factors that play a role in success or failure;
Political support for enlargement. Friends of the enlargement process need to mobilise stronger political support within the EU for pursuing an active enlargement policy, and bring new élan to the enlargement process and debate. The region is positive that it can repeat the success of the CEEC transformation and modernisation. It took approximately 10 years for most CEEC to realize the EU perspective. It is essential that the EU adheres to the rules of the game and not change them along the way;

Attention to bilateral issues. The EU should not allow open bilateral issues to interfere in the enlargement agenda – otherwise this may bring about a spiral effect and additional divisions. A generally applicable resolution principles/mechanism should be devised;

State-building process. There should be a continuously strong commitment by the EU member states to the state-building process in the Western Balkans. Transfer of know-how and experiences, from the EU but also intra-regional, to tackle the common challenges: building the missing infrastructure - transport, energy, environment; further democratisation, good governance, rule of law, fighting organised crime, corruption, judiciary; socio-economic development, fighting poverty; but also human capital improvement. Strong regional cooperation is increasingly pursued not only because it is a precondition for EU integration, but a genuine necessity and a value per se;

Tackle the ‘unresolved issues’. It is crucial to deal with the ‘frozen problems’ in the region that can explode at any time, considering the relatively low economic development level (30% of the EU average) – Bosnia and Herzegovina’s internal structure; Kosovo’s status; and the issue of Macedonia’s name.

How to Lobby for the EU Membership of Serbia and Other WB Countries in the Period of Substantial Reforms in the EU and Frozen Enlargement

Both Serbia and the rest of the Western Balkan countries should keep having and enhancing their relations with the EU and its member states in order to convince them that they are serious about carrying out the reforms and improving the standard of living in their respective countries;

They should develop a comprehensible plan during the accession negotiations and make better use of their diplomatic associations in the region and abroad;

They should work on improving their image internationally from the outset of accession negotiations;

They should hold more frequent face-to-face meetings with EU officials and politicians, and secure media space for dissemination of the most important messages and needs that are of concern to Serbia and the rest of the Western Balkan countries;

They should organise more conferences and events that would attract other member states’ attention onto the region. Businesses and economy-related topic are always eye-catching, especially if the region joins forces to materialize such efforts;

They should make use of Croatia’s recent membership. As every newly-arrived member, Croatia too is eager to show its proactive character at all levels in the EU institutions. The activity of their official representatives in Brussels or elsewhere could help push forward the accession of the Western Balkan countries, even nowadays when EU membership is not a tangible reality.
References


Ten Years of Membership in the European Union – Poland

Summary

Ever since the collapse of the Communist regime, membership in NATO and European Union has been Poland’s primary goal. The process of accession to both organizations was the main driving force for comprehensive reform of Polish institutions and economy. After entering EU, the main goals of Polish policy were economic development and strengthening of its position in the European Union. Both were accomplished. In the past decade Poland was one of the fastest growing economies in the EU and it has positively influenced EU policies and institutions, in accordance with its interests. At the same time, the economic success concealed the shortcomings of public administration, judiciary as well as the need to improve the business environment. Thanks to European funds significant investments were made, mainly in infrastructure; however, underdeveloped transport and broadband infrastructure remain major bottlenecks impeding growth. Although “new” countries systematically reduced the distance that separated them from the developed economies of the „old” members, this process is far from finished. The new financial perspective of the EU offers an opportunity to create new sources of economic growth, based on innovation, and remove institutional and infrastructure barriers for future development.

1. Introduction - Poland’s Path to NATO and the EU

Membership in NATO and European Union was supported by all major political parties ever since the collapse of the Communist regime. The process of economic and structural transformation in the 1990s was long and painful, but what makes EU accession desirable is the fact that it is viewed as the only possibility to catch up with the countries of Western Europe. However, joining both organizations was also a symbol of the return to the Free World, from which Poland was forcibly excluded after the World War II. In consequence, all major political parties recognised joining NATO and EU as Poland’s strategic goal.

The first non-Communist Government signed the agreement on trade and economic cooperation with European Communities during its first month in office, in September 1989. For the next several years Warsaw was negotiating the association agreement, which was signed in 1991. Poland handed in its formal application for accession to EU in April 1994. The Committee for European Integration (Komitet Integracji Europejskiej, KIE), the leading body of government administration dealing with Poland’s integration with the European Union, was established in 1996. The Prime Minister was usually the Chairperson of KIE who appointed the Secretary of KIE, who was the head of the Office of the Committee for European Integration (UKIE). This Office played an important role in Polish accession to EU. It was charged with programming and coordinating the policies in the areas relating to EU integration and focused on efficient implementation of acquis communautaire. Moreover, UKIE provided opinions and analyses on how to adjust Polish regulations with those of the European Union. In 1997 the Government and the Parliament adopted the National Strategy for Integration prepared by UKIE – the core document, which defined priorities and key elements of the adjustment, but also identified development challenges in the process of accession. Negotiations were launched in 1998. As regards the negotiations, Polish administration had two objectives: to obtain favourable financial conditions of membership and to be granted transitional periods for implementing EU rules in sensitive or strategic areas.

The European Commission approved the result of negotiations with Poland and other 9 candidate countries in 2002. In the nationwide referendum 77.45% of Poles voted for accession to the EU. On 1 May 2004, Poland became a member of the European Union. Three years later Poland joined the Schengen Area. Checkpoints were abolished on 21 December 2007 at land and sea borders and in March 2008 at airports. Unlike the majority of the countries that joined the EU in 2004, Poland is rather sceptical about joining the Euro-Zone, especially after the crisis of 2008. Although the adoption of the Euro would strengthen the position of Poland in the EU, the majority of economists oppose it, arguing that at the current level of economic development it is more beneficial for Poland to keep its own currency, as this allows the economy to absorb the shocks and increase competitiveness in comparison to Euro-Zone.

By becoming a NATO member Poland wanted to obtain credible security guarantees and confidence which is fundamental to consolidation of the democratic transition. The process of Alliance’s accession also significantly accelerated the transformation of the Polish Army (modernisation, introducing civil control, organisational reform, professionalisation, etc.). In 1992 NATO Secretary General Manfred Wörner said during his visit in Warsaw that NATO’s door was open. In January 1994, at the NATO Summit in Brussels a proposal for cooperation under the Partnership for Peace program (PfP) was offered and accepted by Poland and other Visegrad Group countries. In the next years mutual cooperation was developed, but Poland still sought NATO membership. Finally, in 1997, at the Summit in Madrid, Warsaw received an invitation to join the Alliance and became a member in March 1999.

In spite of the pro-European consensus, joining EU and NATO also caused concern. Before the accession people were afraid of impoverishment, growth of the costs of living, and especially of increased prices of food and real estate. The group most afraid of the EU membership were the farmers. They were afraid of competition with EU-15 and the cost of modernisation and adjustment to the European standards and

109 The voter turnout was 58.9%.
111 Kałużyńska Małgorzata, Smyk Katarzyna, Wiśniewski Jakub (eds), 5 years of Poland in European Union, Office of the Committee for European Integration, Warszawa, 2009, p. 49.
The attitude of Polish companies is similar to a certain extent. There were concerns whether they would be able to compete with companies from EU–15. A total of 47% of the society was also afraid that economic crisis would follow the EU accession and that Poland would pay to the European budget more than it would receive from it. People were concerned that Poland would be considered a “second class member” with no influence on EU decisions. Some raised concerns about threats to the Polish national and cultural identity. But, in spite of these fears, people supported the accession as a chance for a better life in more distant future.

However, after 10 years of membership almost all of these fears were proven unfounded, and positive attitude towards Poland’s EU and NATO membership has become dominant in the entire society. According to the last Eurobarometer, 49% of Poles have trust in European Union, while 55% think that Polish interests are well protected in the EU. Only 6% of Poles have a negative opinion about the EU, while the opinion of 61% of the citizens is very positive (one of the highest rates in the EU). Moreover, Poles strongly support deepening of the European integration. Thus, 83% are in favour of the common defence and security policy, 77% of the common foreign policy, and 74% of the energy policy. The situation is the same in the case with NATO. In 2014, 62% of the Poles were supporting NATO membership.

2. Poland’s Foreign Policy and the EU

The accession to the EU and NATO opens up new possibilities and sets new challenges for Poland. The country’s most important task was to define its own interest in the EU and learn how to use Union’s policies and institutions to accomplish its own policy objectives. As the biggest country among those who entered EU in 2004, Poland also had the greatest political ambition to influence the European policy.

The initial period of Poland’s membership in the EU was devoted to the consolidation of the state’s participation in the EU structures and adjusting to the mechanism of decision-making. In time, Poland gained important skills required to win supporters for the state’s initiatives and build coalitions. It also mastered the complex decision-making process, in both its formal and informal aspects. At first, Polish government rather inclined towards joint initiatives of old members and its policy was rather reactive. Later on, with accumulated experience and after passing the “maturity” test of the Presidency to the European Council, we can observe the “emancipation” of Poland in the EU and its increasingly proactive and innovative attitude. Poland learned how to build coalitions and started to collaborate closely with the other members (e.g. Germany), and reinvigorated cooperation in the multilateral format - V4 and the
Weimar Triangle (France-Germany-Poland). During the global financial crisis, in contrast to almost all EU, Poland avoided recession which led to an enhanced position of Poland in the EU. This was a critical test for the new members, which appeared to be more immune to the crisis than the old. The strengthening of the Polish position led to the appointment of the Polish Prime Minister Donald Tusk to the position of President of the European Council.

The priorities of the Polish presidency to the European Council: European integration as the source of growth, Secure Europe and Europe benefiting from openness, indicated the main objectives of the Polish policy in the EU. Poland, which greatly benefited from its membership in the EU (CAP, Cohesion Policy but also common market), remains an active supporter of further development of the internal market, and an opponent to any barriers in the free movement of goods, capital, services and people. Poland also opposes the concept of multi-speed Europe, supporting EU’s unity against differentiated integration. In the area of security, the objective of Poland is to create the external energy policy of the European Union, but also to strengthen military and civil EU capabilities.

The geopolitical position on the fringe of the EU makes Poland a vocal supporter of the enlargement policy and development of cooperation with neighbouring countries through various formats. From the start of its membership Poland has also tried to shape European policy towards its eastern neighbourhood, especially Ukraine. As former Minister Radoslav Sikorski put it: “Poland should be the leader and promoter of the EU Eastern Policy”\(^{119}\). At the beginning, achievements in this area were rather modest, but Poland’s position entailed a more active policy of the EU towards the Orange Revolution in Ukraine in 2004. Later on, with the support of V4 and the Baltic States, Poland and Sweden’s proposal of the Eastern Partnership (EP), presented in 2008, was approved by the European Council. This was the greatest success of the Polish diplomacy as the Eastern dimension gained importance in the entire Union and created a balance in the EU, taking into account the French initiative on the Union of the Mediterranean. Poland also attempted to keep the momentum of the enlargement process supporting the accession process, not only of the Western Balkans but also of any other European country that meets EU membership criteria. However, it hasn’t managed to convince its European partners to give a membership perspective to Ukraine.

The Polish attitude towards the Common Security and Defence Policy (CSDP) in the eve of its membership in the EU was rather reluctant, mainly due to concerns about diminishing the role of NATO in the European Union and jeopardizing the US military presence in Europe\(^{120}\). Nevertheless, in time the Polish Government’s attitude toward CSDP became more open, as it started to be perceived as a tool to improve military capabilities of the EU member countries. Poland has primarily supported the proposals to equip the EU with effective emergency response mechanisms of both civilian and military nature.\(^{121}\) Additionally, Poland actively participated in the civilian and military missions of the EU (EUFOR ALETHEA in Bosnia and Herzegovina, the EUFOR mission in Chad, EUNAVFOR ATALANTA, EULEX etc.). Moreover, Poland has participated in creating EU Battle Groups. The preparations for the establishment of the V4 Battle Group – jointly undertaken with the Czech Republic, Hungary and Slovakia


\(^{121}\) Kałużyska Małgorzata, Smyk Katarzyna, Wiśniewski Jakub (eds), op.cit.
- are nearing completion. Poland also wanted to use CSDP to increase military and defence spending in the entire EU, but due to the crisis this was impossible to achieve. At present Poland is actively participating in CSDP, albeit NATO stands as the most important organisation in its defence policy.

3. Reforms

Poland was the first post-Communist country to implement a comprehensive reform. The reform program adopted as early as October 1989 liberalised the national economy and introduced the institution of market economy. Later on, the fiscal system was reformed and the public companies were gradually privatised, although the process has not finished as of today. Although the achievements of the initial period of transformation were quite impressive, later on the pace of reform slowed down.

The reform of public administration in Poland was driven by two factors – democratic transition and EU accession. The democratisation phase focused mainly on establishing democratic elections and local self-government. The public administration reform was not an explicit part of *acquis communautaire*, but there were several factors that forced the Government to introduce changes in the public administration system like establishing civil service, decentralisation, introducing e-government and improving the system of financial control in order to be able to utilise EU funds. Professional and reliable administration is crucial as it represents a guarantee that European policy process will function effectively. First of all, it ensures the timely implementation of the EU regulations and decisions. It is also important, from the perspective of a new member, that it enables the state to actively participate in the EU decision-making process and it is badly needed to effectively manage the funds provided by the EU.

Poland passed the Civil Service Act in 1996, but it was amended several times and the current Act comes from 2008. To ensure proper training for the administration staff, the National School of Public Administration (KSAP) was established as early as 1991, based on the French model of the Ecole National d’Administration (ENA). The highly qualified graduates were to bring rapid change to the entire administrative system. The school also provided in-service training for people already working in administration. The civil service system was to be less prone to political influence. The tasks of the reform were only partially fulfilled, mainly due to financial constraints which limited the development of the civil service. The political influence on the top level appointments was not significantly decreased and the number of civil service positions is relatively limited. In 2014 there were 120,000 civil servants in public administration, along with more than 600,000 employees\(^\text{122}\) in this sector.

In 1999, the Government of Jerzy Buzek introduced reforms in four areas: administration, education, health service and the pension system. The reform of administration introduced new territorial division, changed the system of local self-government, and increased the responsibility of local government units. It introduced three levels of local government: dukedom (województwo), county (powiat) and commune (gmina) and reattributed competences and financing from the central level to local. The local governments were granted the authority in the areas such as health care, education, but also gained independent sources of funding (from personal and company taxes). The number of dukedoms was also reduced from 49 to 16 to create big, strong regions which would manage to redistribute EU funds. The main objective of

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122 Excluding the Army and the Police.
the reform was to increase the effectiveness of administration by delegating tasks to the local level. The reform was also to contribute to the development of civil society and make the decision-making process in administration more transparent.

After Poland became a member, the lack of incentive and pressure from EU significantly reduced the pace of reform. The achievements of pre-accession reforms have generally been preserved, but there were not significant changes in the areas in which reforms were not pursued. Some reforms, like the reform of the pension system, have actually been reversed. The assets of privately-run pension funds were transferred back into the state control system. The business environment remains complex in many areas, e.g. in paying taxes or obtaining construction permits. The digitalisation of the public administration is rather slow. The reform of the health system failed to produce expected results. There are still problems with accessibility and inefficiencies in the use of resources.

4. Practical Experiences with EU Funds

Poland, as the biggest country with the largest population among the new member states that joined EU in 2004 and 2007, has been the biggest beneficiary of EU funds. From the first year of membership, Poland kept receiving more funds from the EU Budget then it has been contributing to it. As of January 2015, Poland has received EUR109 billion and Polish contributions to the European budget were EUR 74 billion\footnote{Zestawienie Transferów Finansowych budżetu UE – Polska (w euro). Available at: http://www.mf.gov.pl/documents/764034/1007802/TABELA+TRANSFERY+STYCZEN+2015.pdf (accessed February 25, 2015).}. The majority of the funds (EUR 71 billion) have been provided within the framework of the Cohesion Policy. During the initial period of membership (2004 – 2006), Poland was not the leader in absorption of EU funds, mainly due to the lack of experienced administration staff and the centralized and overregulated system of distribution of funds. Slow implementation of some \textit{acquis communautaire} (in public procurement, environmental protection, state aid) was also a problem.\footnote{Tkaczyński Jan Wiktor, Fundusze unijne dla Polski – czy wszystko się udało? Available at: http://ec.europa.eu/polska/news/opinie/121010_fundusze_unijne_dla_polski_pl.htm (accessed January 5, 2015).} The Polish administration, focused on strategic objective of gaining membership in the EU, wasn’t sufficiently prepared to absorb the financial resources. The experience with pre-accession assistance was not sufficient mainly because of the significant increase in available financial resources. However, the Polish Government conducted the reforms learning from its mistakes, eventually increasing the level of absorption. First of all, a separate Ministry of Regional Development,\footnote{In November 2013, the Ministry merged with the Ministry of Transport, Construction and Marine Economy, creating the Ministry of Infrastructure and Development.} responsible for programming and implementing the biggest share of funds, was established in 2005. The proper legal framework, which was gradually created, and the improvement of qualifications of officials dealing with the funds also had a positive impact on the level of absorption. The distribution of the funds was decentralised and the rules and conditions simplified.

• Improving the functioning standard of public institutions and development of partnership mechanisms;
• Improving the human capital quality and enhancing social cohesion;
• Establishment and modernisation of technical and social infrastructure crucial for Poland’s better competitiveness;
• Improving the competitiveness and innovativeness of enterprises, including in particular the manufacturing sector with high added value and development of the services sector;
• Increase of competitiveness of the regions of Poland and preventing their social, economic and territorial marginalisation;
• Balancing growth opportunities and supporting structural changes on rural areas.

These priorities were to be achieved through 16 regional and 6 operational programmes. Operational programmes (PO) were managed by the Ministry of Regional Development while regional programmes were managed at the regional level. In the period 2007-2013, the largest beneficiaries of the programmes were enterprises (33% of the value of projects) and local government units (31%). The Government administration received 23%, but approximately ¾ of these funds were used by the General Directorate for National Roads and Motorways (GDDKiA), responsible for construction and reconstruction of national roads. Scientific institutions and universities used 8% of the funds and NGOs 3%. In almost all the regions, the financing structure is dominated by transport expenditures (roads, railways, public transport) 34%, followed by human resources development (19%) and research, technological development and innovation (18%). Smaller amounts were allocated to sustainable development and ecology (13%), information society (5%), tourism, culture and revitalisation of the cultural heritage (5%).

Table 4 - Allocation of the funds 2007-2013

<table>
<thead>
<tr>
<th>Programmes</th>
<th>Amount in EUR billion</th>
<th>% of allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>16 Regional Operational Programmes</td>
<td>17.3</td>
<td>25.4%</td>
</tr>
<tr>
<td>Infrastructure and Environment</td>
<td>28.3</td>
<td>41.8%</td>
</tr>
<tr>
<td>Human Capital</td>
<td>10</td>
<td>14.7%</td>
</tr>
<tr>
<td>Innovative Economy</td>
<td>8.7</td>
<td>12.7%</td>
</tr>
<tr>
<td>Development of Eastern Poland</td>
<td>2.4</td>
<td>3.5%</td>
</tr>
<tr>
<td>Technical Assistance</td>
<td>0.5</td>
<td>0.8%</td>
</tr>
<tr>
<td>European Programmes of Territorial Cooperation</td>
<td>0.7</td>
<td>1.1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>67.9</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>


128 Ibid.
The amount of €82.5 billion has been allocated for the period 2014-2020. This time, the management of the funds was decentralised to a greater degree. €31 billion, or nearly 40% of the funds, are managed locally within 16 Regional Operational Programmes (RPO), and the local administration will be more responsible for cohesion policy. At the same time, the procedure was simplified to reduce the administrative burden in the implementation of funds. In the new financial perspective, the strategic goals are increasing competitiveness of economy, institutional transformation for strengthening the efficient state - higher quality of public institutions, the active role of social capital, and socio-economic and territorial cohesion. As in the period 2007-2013, the highest amount of financial resources has been assigned to infrastructure projects (roads and railways); however, the funds for innovations and entrepreneurs have been increased the most. The bigger share of the funds will be allocated for repayable financial instruments (including loans, guarantees) to support additional projects of medium and small enterprises.

Table 5 - Allocation of the funds 2014-2020

<table>
<thead>
<tr>
<th>Amount in EUR billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>16 Regional Operational Programmes</td>
</tr>
<tr>
<td>Infrastructure and Environment</td>
</tr>
<tr>
<td>Intelligent Development</td>
</tr>
<tr>
<td>Digital Poland</td>
</tr>
<tr>
<td>Development of Eastern Poland</td>
</tr>
<tr>
<td>Technical Assistance</td>
</tr>
<tr>
<td>Knowledge, Education and Development</td>
</tr>
</tbody>
</table>


In addition to the funds in the framework of Cohesion Policy, Poland also had access to funds in the framework of the Common Agriculture Policy. In the period 2007-2013 funds were available from two programmes: Development of Rural Areas (€13 billion) and Sustainable Development of the Fisheries Sector and Coastal Fishing Areas 2007-2013 (€734 million in current prices). Both programmes were managed by the Ministry of Agriculture and Rural Development.

European Funds financed the construction or modernisation of 1,423 kilometres of highways and speedways and 3,069 kilometres of national and regional roads. Over 400 thousand of new jobs were created, 9,000 companies received support for investment and 4,500 for exports development. Thanks to non-repayable grants, the

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unemployed established over 243,000 new companies \(^{132}\). Poland avoided recession during the economic crisis and recorded a relatively high growth rate of GDP partly by using EU funds.

However, despite its high level of absorption, Poland could not avoid some of the shortcomings. First of all, concerns that Poland is not able to use EU funds resulted in the focus on maximal absorption. Less attention was paid to the effect and influence of the projects on modernisation of the Polish economy and reducing disparities between Poland and the EU. As a consequence, European funds definitely improved the quality of living, but from the point of view of the need for development impact, in Poland they were definitely not sufficient \(^{133}\). The country still has problems with realisation of big infrastructure projects, mainly due to inefficiency of the general regulation and administrative processes and the lack of spatial planning system in that area \(^{134}\). The management in big public companies is also a problem. For example, the public Polish Railways Company (PKP) has not been able to use the funds intended for railway transport. It turned out that lack of financial resources was not the main barrier in the construction of infrastructure. The implementation of big investment projects is usually impossible without special laws. In some cases the stricter environmental protection rules imposed by the EU membership also hampered realisation of the investment.

5. Relevance of Regional Structures

The enlargement of the European Union in 2004 changed the geopolitical position of Poland and the countries in its neighbourhood, as well as patterns of regional cooperation. Poland has been actively engaged in various formats of regional cooperation: The Council of the Baltic Sea States (CBSS), \(^{135}\) the Central European Initiative (CEI) and the Visegrad Group (V4).

The enlargement in 2004 had the biggest influence on functioning of V4. The strategic aim of this organization was to provide regional cooperation during the integration with EU and NATO. As this objective was achieved, the future cooperation was questioned. Moreover during the accession process countries negotiated separately and were pursuing their individual interests. The V4 had also problems in working out a coherent position towards common challenges. However, Visegrad Cooperation turned out to be a very useful tool after the accession. In comparison to other EU members, the V4 had similar problems, priorities and aims. The V4 countries are on a similar level of development and have comparable economy structures. Their common goal was to support the enlargement policy in the Western Balkans and Eastern Europe. Taking into account the functioning mechanism of the EU, working out a common position proved to be a useful tool in pooling influence in European Institutions while it also increased the chances for building an effective coalition to achieve the goals of the V4 members. Therefore, all the countries were increasingly interested in

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135 CBSS is a political forum for regional intergovernmental cooperation established in 1992. CBSS members are the Baltic Sea states (Denmark, Estonia, Finland, Lithuania, Latvia, Germany, Poland, Russia, and Sweden), as well as Iceland, Norway and the European Commission.
mutual consultation and cooperation as regards the European agenda\textsuperscript{136} and the frequency of working visits and consultations of V4 before EU meetings have increased as a consequence.

Negotiations on the New Financial Perspective for the years 2007–2013 represented the first important challenge of the V4 cooperation. Together with V4 partners, other new members and Greece, Portugal and Spain, Poland formed the so-called group of “friends of Cohesion Policy”. In this case V4 partners cooperated closely to support a vision of the Cohesion Policy that was beneficial for all – new members as well as old. Also, while negotiating the EU budget for the period 2014-2020, V4 was the main forum where the position of the Friends of Cohesion Group, which opposed possible cuts in the budget for the Cohesion Policy, was effectively shaped\textsuperscript{137}. The V4 countries also cooperated closely during the implementation of Schengen’s \textit{acquis}.

Poland and other partners from the EU also cooperated in the shaping of EU policy towards the Eastern and Southern neighbourhoods. The countries jointly promoted the integration aspirations of the Western Balkans and active European policy towards Eastern Partnership. The important area of cooperation in this format is the energy policy. Even before the negotiations on the energy and climate package, the V4 was a part of a wider coalition which supported a more balanced package which would take into account conditions of new members’ economies. Therefore, the coalition was in favour of voting on the package by unanimity, not by a qualified majority.

From the Polish perspective, Visegrad Group is the most important forum of regional cooperation. The aim of the Polish foreign policy is to include more areas of cooperation in the V4 and to build a common Central European perspective in the area of security and stability. Poland perceives V4 as a base for cooperation with other regions and partners in the format V4+ (for example: Romania, Bulgaria, the Western Balkans)\textsuperscript{138}.

\section*{6. Main Achievements and Lessons Learned – Summarising the Catching Up Period}

Membership in the European Union has a very positive impact on the country’s economic performance. After accession, Polish economy grew by almost 150\% – until 2013 the cumulative GDP growth was 48.7\%\textsuperscript{139} Poland was also the only country in the EU which avoided recession in 2009, during the economic crisis. Fast pace of growth enabled Poland to catch up with the old EU members. In 2003, just before the accession, Poland’s GDP \textit{per capita} in purchasing power standards was 48.8\% of the EU average, while in 2013 it was 67\%. Poland has also used the opportunities of common market and free movement of labour and services. In 2013, Poland exported to the EU almost three times as much goods as before joining the EU. In 2012, Poland also provided to other European countries services worth €20.7 billion (increase of 160\% in comparison to 2004). Poland annually posts approximately 230,000 workers abroad\textsuperscript{140}. During this period, over 2 million Poles left the country and decided to work and live in other EU countries (mainly Germany and Great Britain). This had a positive impact on the economy: unemployment decreased and salaries in Poland increased

\textsuperscript{136} Kałużyńska Małgorzata, Smyk Katarzyna, Wiśniewski Jakub (eds), op.cit, p.392.
\textsuperscript{137} Ibid., p. 32.
\textsuperscript{139} Kałużyńska Małgorzata, Smyk Katarzyna, Wiśniewski Jakub (eds), op.cit.
\textsuperscript{140} Ibid.
due to employers’ fear of lack of highly skilled work. However, the migration drained the less developed areas of human resources. Wages grew along with the economy. In the first decade after the accession minimum wage doubled and average salary grew by two thirds.141 After the accession to the EU, income inequalities between the Poles decreased - the Gini coefficient dropped from 35.6 in 2005 to 30.9.142

Table 6 - Economic Indicators in 2003 and 2013

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP per capita in PPS</td>
<td>48% average EU27</td>
<td>67 % average EU27</td>
</tr>
<tr>
<td>GDP per capita at market price</td>
<td>€5,000</td>
<td>€10,700</td>
</tr>
<tr>
<td>Unemployment</td>
<td>19.1%</td>
<td>10.3%</td>
</tr>
<tr>
<td>Employment</td>
<td>51.9%</td>
<td>60.7%</td>
</tr>
<tr>
<td>People at risk of poverty or social exclusion</td>
<td>45.3 % (2005)</td>
<td>26.7%</td>
</tr>
<tr>
<td>Average monthly salary gross</td>
<td>2,201.47 PLN</td>
<td>3,667 PLN</td>
</tr>
<tr>
<td>Export</td>
<td>€64 billion</td>
<td>€182 billion</td>
</tr>
</tbody>
</table>

Source: Eurostat, GUS.

Although the success of Poland in the first 10 years of membership is impressive in some areas, Poland is still lagging behind and these two facts are interdependent. EU accession contributed to more GDP growth due to the opening of large markets, inflow of European funds and the foreign investment what concealed the shortcomings of the Polish economy143. After accession, motivation to reform significantly decreased. First of all, the business environment has not improved much in comparison to other post-communist countries and the economy is still overregulated. Poland ranks 45th out of 188 countries in World Bank Ranking of Ease of Doing Business. All the administrative procedures, like starting a business or paying taxes, are cumbersome. Long court proceedings and bureaucracy represent obstacles for faster development.

Poland is also risking a middle-income trap and the slowing down of growth in the future. The low labour cost is still the main advantage of Poland, and to change this, the country needs a more sophisticated model of economic growth based on well educated population, research and development, and investment.144 Although the number of students has increased significantly since the collapse of Communism, the quality of higher education is rather poor. The level of spending for R&D is also very low. In 2012 it was barely 0.9 % of GDP, while the EU-27 average spending is 2.1%. What is worrying even more is the fact that spending is done mostly by public institutions and not private companies. The public sector is also a problem

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141 In 2003 the minimum wage was 800 PLN, n 2014 – 1,600. The average in 2003 was 2,201.47 and in 2014 – 3,667.47.
142 Kałużyńska Małgorzata, Smyk Katarzyna, Wiśniewski Jakub (eds), op.cit., p.68.
144 Ibid.
– the Polish state is rather expensive and ineffective. In the period 2004 -2013 the economic and social disparities across Poland were not removed. Quite the opposite: the largest amount of funds was allocated to the wealthiest provinces\textsuperscript{145} and the fastest growth in GDP \textit{per capita} was recorded. However, according to the research of Polish administration, without the European Funds the disparities would widen even more. The Common Agriculture Policy helped to modernise and increase efficiency and income in rural areas. As a consequence, the highest support for the EU has been recorded (85% in 2013) among the farmers. But, at the same time, it perpetuated the unfavourable structure of agriculture based on “small scale farming” which is usually not profitable. Only 1.8% of farms have more than 50 hectares of agricultural land. Due to the Polish system of direct payments, significant changes to the size and number of small holdings cannot be expected and this represents one of the main barriers to growth in this sector. Furthermore, it also led to a significant increase of the price of land.

7. Recommendations

Taking into account the Polish experiences, the following recommendations can be put forward:

\textbf{To Serbia and other Western Balkans countries}

The national interest of Serbia should not be considered contrary to the EU integration. The conditions set up by the EU in the accession process are aimed to modernise the Serbian state and economy and prepare the country for functioning in the EU. A weak state, without a proper intuitional framework, would not be able to influence European policy to the benefit of Serbia. Poor economy would not be able to compete with companies from other European countries and take advantage of the common market. EU membership is an opportunity, not an automatic guarantee of prosperity and growth. The better country is prepared for the accession, the more benefits it can obtain from membership;

Important steps should also be taken in communicating the enlargement policy to the societies in the region. Enlargement policy is not a zero-sum game in which Governments have to make concessions under the EU pressure to the disadvantage of their states. The enlargement policy is a framework of modernisation of state and economy and its aim is to prepare the country for competition in the common market. At the same time, the EU should not be presented by Government officials as an enemy of Serbia; mutual advantages should be underlined instead;

For the present time, economic development should be Serbia’s key priority. The Government should focus on eliminating obstacles for development of local companies and improvement of the business environment. Otherwise Serbia will not be able to take advantage from entering the EU;

Serbia and other Western Balkans countries should strengthen relations with the EU members who support the enlargement policy. These countries would be the best advocates of enlargement policy on the European forum. The common strategy addressing the major concerns of EU citizens related to further enlargement should

\textsuperscript{145} Mazovian, Silesian, Lower Silesian and Greater Poland.
also be developed. A data-based analysis of the consequences of the enlargement to involve the Western Balkans would be a useful tool in convincing those who oppose the process. The small size of the Western Balkan countries should be underlined. All six countries together represent less than half of Poland, so even if they are less developed the cost of their membership will be minimal;

Regional cooperation should also be enhanced. A common stance would strengthen the position of Western Balkan countries in their relations with the Commission. All of these countries have a rather limited administrative capacity. Therefore, exchanging experiences on the implementation of the acquis communautaire would be useful;

Bilateral disputes should be resolved. Many Europeans are afraid that membership of the Balkans in the EU would bring instability. Working on solutions of bilateral problems would help convince EU members that Balkan countries are not a threat to proper cooperation in the EU;

Serbia should also consider introducing the local ownership component to accession and playing more active role in setting the agenda of the reform.

To the European Union

Promote enlargement as a mutually advantageous process. The Western Balkans is not a part of the problem, they are also the solution to the EU problems in the fields of energy security and fighting organised crime. The Enlargement Policy has been a tool to foster stability beyond the EU borders. Failure of this policy would probably lead to growth of instability around the European Union, which, in the longer perspective, would negatively affect the security of the EU, both internal and external. At the same time it would weaken the position of the EU vis-à-vis other global partners;

There is a need for denationalisation of the enlargement policy. The use of accession process as leverage against candidate countries weakened the credibility of the EU policy towards the region. The repetition of that situation should be avoided at any cost;

EU should also focus on new a communication strategy to address the problem of “accession fatigue” in the Western Balkans. In this region EU is perceived mainly as a source of funds. Due to the crisis, EU is losing its attraction. The emphasis should be placed on EU as a chance for building effective, democratic states. At the same time, EU representatives should avoid interventions which are questioning their commitment to democratic values;

The communication of progress reports should be changed. The comprehensive opinion on the state of affairs in each country can be used as a powerful tool of the civil society and media for the evaluation of achievements and failures of each Government. But in order to achieve this, they ought to be more transparent and intelligible. The component of competition between the countries should also be introduced, as it will put more pressure on Governments to introduce reforms;

The European Commission should underline that Western Balkan countries are in the process of accession and that they will not enter the EU unprepared. All their shortcomings will be addressed during the negotiating process.
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Ten years of Membership in the European Union - the Czech Republic

Summary

The Czech Republic is proof that EU enlargement can be a success story, mainly from the perspective of economic affairs. Thanks to the legal framework and economic ties with the core regions of EU, enterprises were developed independently of political influences. This is undoubtedly the biggest advantage of the EU integration process. Nevertheless, such success was not repeated in the field of political development, mainly concerning the identification with EU standards and values. For instance, the use of structural funds did not produce any significant economic and social gains. In addition, structural funds were used to a significant extent to cover the costs of state administration and its primary functions. However, it should be stressed that this did not occur only in the Czech Republic.

In this regard, any further enlargement must focus on the substantial EU issues and adoption of the European idea as such. The EU cannot be perceived only as a donor with unlimited financial resources. Therefore, any further integration of the Western Balkans into the EU should focus on the economic dimension. Provision of economic assistance is highly needed in order to avoid any further migrations of the labour force based purely on economic grounds. Only then will the EU be perceived as something with which people will be able to identify on a local level as well.

1. Introduction

In the first years after 1989, the party system was built up by creating a new (democratic) structure and by “drawing” a new ideological map of Czech politics. The first cleavage in the early democratic system was the tension between the Communist party (KSČ) and the reform movement called Civic Forum (OF) in the post-revolution time. In the first democratic elections, after the fall of the communist regime OF gained more than 50 percent of all votes. Immediately after the revolution, the main goal of new democratic forces was to “return to Europe”. Integration into the Western structures (NATO, EC/EU) was understood as return to political normality, i.e. belonging to the “elite club”. The notion was closely linked to the economic
modemisation, even if it was only to be only as secondary dimension. The priority of the Czech foreign policy was integration into the NATO and EU, regardless of the other CEE countries.\textsuperscript{146}

Looking back at the last general elections (2013), we are able to evaluate the development of the Czech Republic integration into the Western structures (mainly the EU and NATO). The EU has been discussed as an issue that divided the political parties, although none of the mainstream parties strictly opposes the integration process (except the political party Dawn of Direct Democracy). On the other side, there is apparently a lack of clear consensus on the topic of European integration. As confirmed by the election campaign, the EU policy is not one of the most relevant issues of the Czech politics.\textsuperscript{147}

In light of the tenth anniversary of the Czech membership in the EU it is useful to take a look at the most significant impact the membership has had on the Czech Republic. The impact has two dimensions: 1) the outcome of reforms of the state administration and institutions, and 2) the state of the politics (mainly the social actors, e.g. political parties).

Although this analysis focuses on the institutional dimension, political parties, as prominent players, cannot be omitted. The public discourse is thus not demonstrated just by the results of electoral competition but also in the long term, as a result of development of public identification with the EU integration. Focusing on three selected areas (the European Foreign and Security Policy, the administrative reforms, and the Structural Funds), a mere description of individual reforms does not provide a complex picture. For this purpose, each area will be analysed using a two-dimensional approach: 1) the institutional change, and 2) political factors that drove the reforms.

2. Institutional and Administrative Reforms

The following chapter is divided into two parts: the first focuses on the analysis of the impact of the EU on the state administration, and second on regional reforms implemented during the accession process, defining the key elements for evaluation of those reforms.

The impact of the administrative reforms related to the inclusion of the EU norms into the Czech political and legal systems has two main dimensions, the first being the adjustment of the Czech administrative system to the supranational legal and administrative system. The reform can be summarised according to its main goals: an increased level of democratic rules in the administration; reaching the EU standards in the administration; increased professionalism; and increased effectiveness. The administrative reform could be also evaluated according to the principle of subsidiarity.

2.1 Administrative Reforms

In 2000, the \textit{kraj} as an administrative district has been constituted in the Czech Republic. The new territorial organization was driven mainly by the administrative and political factors resulting from the EU accession process. The Czech Republic has never been regionalised to the same extent as e.g. Poland. The homogenous inter-war constitution of Bohemia and Moravia-Silesia did not call for greater decen-

\textsuperscript{146} Filip Černoch, et all. Political Parties and Nationalism in Visegrad Countries, 2011, p. 15.

\textsuperscript{147} “Comments on campaign debates on national minority issues”, CEE Identity. Available at: http://www.ceeidentity.eu/blog/comments (accessed March 25, 2015).
tralization. These factors\textsuperscript{148} had no regard for particular historical and state-unity aspects.\textsuperscript{149} Therefore, the quest for the creation of medium-size administrative units in connection to the pre-accession structural reforms, not corresponding with the traditional Bohemia versus Moravia division, was not driven by calls for greater regional identity. The administrative divisions, created in 2000, were carried out in a top-down direction. As for the impact of structural funds, one can review one example, namely the mountain regions in the Czech Republic. In 2004, the administrative infrastructure for European regional policy was formalised to a greater extent to include, for example, organisations responsible for implementing tourist infrastructure projects.\textsuperscript{150} However, the key problem of the administration reform was never properly solved. The EU administrative directives require a population between 800,000 and 3 million for NUTS II, which is a unit used in the regional framework for the implementation of regional policy. Although the Czech Government pushed the idea that one region will represent NUTS II unit (8 in total) to simplify the funding system, this resulted in a double structure. The key beneficiaries are regional units (14 in total; 13 without Prague), but from the perspective under which the NUTS II units play the crucial role.

The impact of the so-called social capital of the EU can be evaluated at the time of celebration of ten years of membership of the Czech Republic in the EU (from 2004),. Since the EU is perceived by regional political representatives mainly as a source of funds, the level of identification with the EU as such has not increased much. This can be seen in the case of closing of regional offices representing individual regions in the EU, and handing the responsibility over to private lobbying companies, disconnected from interests of particular regions.

2.2 Impact of the EU on the State Administration

The impact on the state administration can be divided into the following sections: institutional impact and effect on political representation; pressure from the EU level to accept the reform of state administration and adopt the EU norms; and the political will to use the opportunity to promote one’s own interests, mainly using EU funds. Therefore, the evaluation of the impact of the membership has to make a distinction between mere adjustment of the administration and the real political impact of significant changes. The accommodation of the state administration to the membership conditions led to the establishment of European departments on the national and regional levels of administration. The motivation for the creation of EU departments was the need to institutionalise the impact of the membership on individual fields of policy. The impact on the administration reform decreased significantly after the EU accession; particularly regarding the professionalisation of the state administration.\textsuperscript{151} Therefore, the analysis focuses on finding reasons for the weakening of the reform process of the state administration, or, in other words, the weakening of further adjustments of state and regional administration within the EU\textsuperscript{152}. In this respect,

\begin{itemize}
\item \textsuperscript{148} A system of regional units based on administrative division before 1938 that respected the natural centers with their cultural traditions.
\item \textsuperscript{150} For example the organisation that is responsible for implementing tourist policy of Olomoucký district Jeseníky - Sdružení cestovního ruchu, JSCR) was founded. The JSCR is supervised by Olomoucký district and financed by European regional funds and by Olomoucký district as well.
\item \textsuperscript{151} Tomáš Hrůza, Komparace přístupu České republiky a Slovenska k regionální politice EU v oblasti strukturálních fondů, 2013, p. 78-79.
\item \textsuperscript{152} \textit{Ibid}, p. 81.
\end{itemize}
the law on regulation of state administration was enacted in 2014, after representing a significant election issue in the 2013 general election. The law will come into force during the year 2015.\textsuperscript{153}

2.3 Adaptation of the State Administration – The aspect of “Socialization”

The less visible impact of the membership in the EU is the role of identification with the EU as such. The political dimension, in the sense of the role played by political parties, represents only a narrow space of evaluation of the institutional impact. However, despite the fact that the EU has repeatedly emerged as a topic of public debate, the identification with the possible gains the EU may bring has not been present. In other words, the efforts of political and administrative representatives remained mainly reactive. This had two significant impacts: the first was the high level of staff fluctuation within institutions in charge of utilisation of EU funds (Ministry of Finance and Ministry of Regional Development) in the years 2010 – 2014. This was the case even with representatives in charge of negotiations with the European Commission - e.g. the case of the Ministry of Education in the years 2010 and 2013.\textsuperscript{154}

Therefore, the short term gains of political bargains play a more important role than institutional stability in relations with the EU, or in this case - the EU funding system. Even more surprising is the impact of EU on the regional administration. The regional administrative units are direct beneficiaries of the EU regional funds, experiencing massive investments in infrastructure as well as human capital. Nevertheless, the level of identification with the EU within the political and highest administrative structures decreased as well.\textsuperscript{155} This resulted in the closing of regional representative offices in Brussels. In the end, interests of individual regions, of which some still have their own representation offices, are pursued by private lobbying companies without any social ties to the region. In reality, this development contradicts the idea of socialisation of institutions within the EU after the 10 years of membership. Therefore, one has to ask what the key factors are that create the institutional environment of “disinterest which results in a policy of disinterest towards the EU. This can be attributed to the political discourse beyond the institutions, still heavily influenced by former President Václav Klaus (in office between 2003 and 2013). At the time Klaus was the main exponent of anti-EU views in the Czech society. The second reason for the lack of interest in EU matters is the low level of trust of Czechs in institutions as such.

3. Structural Funds – Impact and Lessons Learned

The most significant feature of the entire issue of making use of EU funds in the Czech Republic is the incapability of the Czech political structures and state administration. The massive redistribution of financial resources has led to a limited absorption capacity at all administrative, political, and economy levels. Although 99.5 % of the allocated financial resources in the period 2004–2006 have actually been used, the next financial period (2007–2013) brought dramatically different results. The final estimations show that the Czech Republic was able to successfully use only


\textsuperscript{155} Interview with PM Ivan Gabal (KDU-ČSL), 5 March 2015.
between 50 and 60% of the allocated funds.\textsuperscript{156} It is too early to evaluate the period 2014–2020 as it is too early in the phase and the new administration system is still being prepared.

The key conditions of the EU structural funds system for the period 2007–2013 were set as follows (according to the goals):

- Convergence; focusing on regions with an economic performance lower than 75% of the EU average; 6 operational programmes in total (Transportation, Environment, Entrepreneurship and innovations, Research and innovation, Human resources and employment, and Education for competitiveness); the main financial source being the EFRD and ESF;
- Regional competitiveness and employment; covering all the regions; divided into two regional programmes (Prague competitiveness ad Prague adaptability);
- Operational programme from the perspective of European regional cooperation; covering the cross-border cooperation with neighbouring regions/countries, as well as the networking programs EPSON and INTERACT II.\textsuperscript{157}

To evaluate the enormous reduction of resources provided from the EU funds, one should examine the changes in the power structure of the Czech politics. Besides the identification with the EU as such, this element plays the most significant role. The same applies to the critique of the administrative reform launched in 2000. After the first regional election in 2002, regional units appeared as the new political source of power, causing the rise of 13 new power centres (according to the number of regions) in each significant (parliamentary) political party. Despite the fact that the Czech Republic was and still is a highly centralised state, this made room for the rise of new power centres without any significant identity ties to the regions. It needs to be stressed that these regional units in many cases did not correspond with historical regional divisions. This means that it was possible to control enormous amounts of funds perceived from the perspective of political power rather than as a source of regional or trans-regional development.

With the rising influence of regions in terms of power, the administrative system of managing the EU funds was designed accordingly. Contrary to the previous period, the regions (more specifically NUTS 2 units) were given significant autonomy in the decision-making processes related to applying individual operational programs.

The system was set as a dual one: the responsibility for the implementation of regional funds was divided among the Ministries involved and regional offices (NUTS II offices with representation of individual regions). In addition to this, the control function of regional operational programs was not assigned to the Ministry of Regional Development or the Ministry of Finance, but to quasi-independent regional bodies. Due to the rise of relevance of the regional centres, it was argued that regions would be most able to define the key areas for implementing regional funds. This, in principle, is not a wrong argument. But in the given situation, where the level of identification with the region as well as the EU as such was rather poor, and most importantly, and the level of regional decision makers’ competence was low, the final outcome was rather negative. This has caused many cases of corruption or resulted in the implementation of various projects with disputable added value.

### 4. Foreign and Security Policy


\textsuperscript{157} Tomáš Hruša, Komparace přístupů České republiky a Slovenska k regionální politice EU v oblasti strukturálních fondů, op. cit, p. 15.
The foreign policy perspective, not necessarily within the ESFP framework, relates to the most significant success of the Czech Republic in the field of foreign policy, namely the project of Eastern Partnership (EaP). This initiative sets an example of successful uploading of the Czech perspective of the EU’s relationship with its Eastern neighbouring countries.

The Czech Republic does not represent the so-called hawkish position within both the EU and NATO, but the rather mainstream policy of the other member states. The Czech Republic participated in all the major peacekeeping and peacemaking missions in the past decade, such as SFOR and KFOR in the Western Balkans, EULEX in Kosovo, EUBAM in Moldova or EUMN in Georgia. This, however, does not exclude the success of uploading the policy of soft instruments to the EU foreign and security policy architecture, such as Eastern Partnership.

4.1 Eastern Partnership (EaP)

From the Czech point of view, the economic advantages of closer cooperation are also viewed as important. The main emphasis is, however, rather on the abstract dimension of the EaP, such as the need for stabilisation, democratisation, strengthening of democratic values and successful transformation. The Czech Republic perceives EaP project mainly as “an effective vehicle to support and facilitate democratic transformation”\(^{158}\). In this regard the Czech Republic can share its own experiences with the transformation process. The sense of solidarity and fellowship is also present, and in that context multilateral level of cooperation is particularly valued. The Czech Republic initiated and joined several meetings of the EaP countries, other Visegrad countries, Baltic countries and any other group of “like-minded” EU members.

The triggering events for the Czech elites in this respect were the war in Georgia in 2008 and the Ukraine gas crisis in 2009. Both events led to an increased interest in the Eastern neighbouring region. The EaP began to be viewed as a project of assistance in the transformation of regimes in the process of democratisation. Taking this rather paternalistic approach was to a certain extent the most important event in the Czech foreign policy since 1989. After the launching of EaP, there was an important priority shift from primarily political issues towards those of security and economy. Even though the Czech foreign policy has experienced this shift, there is still a lack of political narrative shaping the limited impact on democratisation and liberalisation in the targeted countries. Paradoxically, this can be understood as reinforcement of the Western European identity.

5. The Role of Regional Structures

Regarding regional structures and their relevance for members, one has to look at shared understanding first. The experience of Communist regime which turned into a joint interest for integration into the Western structures created a unique cooperation-based environment. Although in the last years of Communism Poland and Hungary were ahead in cooperation with the European Communities, thanks to signing the PHARE agreement the importance of regional institutions has become significant. However, former Prime Minister, Václav Klaus, had a different priority. During his premiership (1992–1997), Klaus pushed the concept of membership of the Czech

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Republic without regard to the regional partners. Even if we consider economic indicators, which were excellent in comparison to other CEE countries, Klaus’s intention has not been followed.

5.1 The Visegrad Group

Focusing on the Visegrad group, the importance of created perception of shared communist experience must be underlined, as it helped develop the Visegrad countries’ identity as one of the main goals of their foreign policy priorities. Looking back to recent history, the relationships of Visegrad countries did not show any signs of shared interests. This shift has allowed for the definition of a new shared goal, namely the membership in the EU and NATO. From the Czech perspective, the crucial role of former President, Václav Havel, has to be mentioned. Thanks to his personal commitment and personal contacts among the political elites of the CEE region, he was able to set up conditions required for joint cooperation of Visegrad countries. As a result, in the period between 1998 and 2004 there was a significantly growing perception of regional group importance on both national and regional levels.

It is often asked what the share of the Central European identity is and how it influences the Visegrad group. This debate started after the 2004 EU accession and reached its full potential in 2014 in connection with the Russian-Ukraine war. The period 2004–2014 can be described as time spent searching for new challenges and priorities. Although the main goals were reached, the emphasis of the cooperation was moved to providing transformation assistance mainly to the Eastern Partnership countries, creating a cooperation platform with the Western Balkan countries, or providing transition assistance to Egypt. Beside these foreign policy priorities, the International Visegrad Fund served as a platform for developing the Central European identity. It has to be stressed that activities of the IVF substituted the lack of shared Visegrad group commitment of the political elite.

The V4 and its relevance were challenged by the prominent commentator of The Economist weekly, Edward Lucas. He argued that V4 is constantly losing its relevance, using the war in Eastern Ukraine to support his argumentation. According to his words, the V4 was not able to follow a joint foreign policy strategy towards Russia and offer assistance to Ukraine in its defence. Although all individual V4 countries have different policies towards Russia, the activities leading to the strengthening of the civic society in Ukraine are executed on shared ground. The Visegrad group-based cooperation is thus able to define priorities that correspond with the broader interest of all the individual countries. In this regard, the Czech foreign policy towards Ukraine builds up on long-term priorities of the Czech development policy, namely focusing on capacity building of the civic society.

5.2 CEFTA Format of Cooperation

As regards the second dimension of the regional cooperation within the CEE region one should focus on the context of the early transformation period, that is, on the year 1992. Although individual states showed significant interest in being integrated into the Western communities, the exact requirements to be fulfilled by the states were not set forth. Nevertheless, the importance of the economic criteria was quite evident. Priority given to the economic dimension of approximation to the West resulted in participation in the CEFTA cooperation format as well. From the perspective
of the Czech Republic, the interest in being involved in trade liberalisation and joining the World Trade Organization (WTO) was evident through the strong commitment of the former Prime Minister Václav Klaus. Still, CEFTA was perceived as a tool for EU integration and not as a truly independent body substituting the EU integration.

6. Achievements and Failures

To evaluate the membership of the Czech Republic in the EU one cannot focus only on the achieved political goals, but must rather look in the broader context. Membership as such represents without any doubt the most significant success in terms of foreign policy. Still, there is a lack of accommodation to the membership in the domestic political structures as well as the broader public. Nevertheless, according to the results of the Eurobarometar survey, long term support of the membership of the Czech Republic in the EU never falls under 50%. Still, there is a big distinction between the social and economic actors on the one side, and political on the other.

The main achievement of the membership is the promotion of stability and prosperity within the CEE region. From the economic point of view, for the Czech economy membership in the EU means belonging to the stable economic core of Europe. The successful integration shows that political instability does not influence the economic affairs in the broader extent. Although the Czech Republic is perceived in the global perspective as an investment-friendly country with well developed rule of law, corruption and political instability reduce the economic performance.

On the other side, the missing political identification with the EU has caused long term problems, mainly in the field of absorption of structural funds and, in general terms, inability of the country to define its interests within the EU.

6.1 The Main Achievements

To provide a better overview, the achievements will be divided into two policy fields that experienced the most relevant successes as well as failures.

Economy

• Ability to assert deeper economic integration in selected policy fields. Although the Czech politics do not show commitment to deeper political integration, the Czech Republic stresses the need to complete the common market. Looking at the Czech economy, it has to be underlined that, according the official statistic, long term unemployment rate oscillates between 7 and 9.5 %. Therefore, since 2004 the Czech Republic did not experience any significant labour emigration. According to the current (2014) statistic, the number of Czechs working abroad is slightly above 100,000 (considering the total population of 10.3 million. In comparison, the number of Poles living abroad is estimated to be 1.2 million while the total population is 38 million). The most popular destinations are Great Britain and Germany.160

• Integration of the Czech economy into European and global markets and independence of entrepreneurs of political assistance. In addition to this, the Czech

investment groups (such as Penta, J&T)\textsuperscript{161} and a wide scope of entrepreneurs are doing business in the EU.

- **Foreign policy**
  - Ability to upload the priorities of Czech foreign policy interests to the Union level, namely designing the Eastern Partnership project and showing long term interest in the development of foreign policy priorities within the EU;
  - Uploading foreign policy priorities towards Belarus and Cuba, both based on emphasizing human rights policy.

6.2 The Main Failures

In order to focus on the main failures, one cannot select individual policy areas only, without considering the general context. Therefore, two main areas can be identified: lack of identification with the EU and inability to define the priorities towards the EU.

**Lack of identification**

- Although the Czech Republic has been a member of the EU for more than 10 years, the political discourse lost the ability to promote the deeper integration commitment. In addition to this, the debate has shrunk to short term interests instead of long term vision. This means that the EU affairs are no longer represent the interest of either the Czech political parties or the European Committee of the Chamber of Deputies and the Senate of the Czech Republic;
- The schedule for adopting the common currency, the Euro, has not been set yet, even though the current Prime Minister, Bohuslav Sobotka, proved his intention to make a significant progress in joining the Eurozone preparation;\textsuperscript{162}
- Lack of competence in the effective use of structural funds in the period 2007–2013. Only a small portion of the financial resources allocated to the Czech Republic was used in accordance with a prepared and long term oriented plan. Although the scientific innovations, such as Central European Institute of Technology (CETEIC) research centre (in cooperation with Masaryk University and the High School of Engineering in Brno), have been funded from the structural funds, long term strategy of sustainability are missing. Numerous projects were used for the reconstruction of the current infrastructure instead for real improvements towards future use;
- This trend is continuing in the current financial period (2014-2020) as well; as of April 2015, individual funding programs have not been approved by the European Commission.

**Setting of national priorities within the EU**

- Political institutions are not able to agree on joint long term priorities such as membership in the Eurozone, being part of a deeper integration stream or not, proving weak integration commitment of the highest political representatives (caused mainly by the disagreement between inter-party fractions);
- Weak interest in getting involved in the finalisation of trans-regional projects such as railway projects TEN – T, or highway connection to Austria and Germany;


• Declining ability of Czech diplomacy to push through its national interest and to lobby for placement of Czech diplomats to the positions within the EU;
• Absence of the final decision on construction of two blocks of Temelín power plant, the construction of which should be negotiated with the neighbouring countries as well as within the EU.

7. Conclusions

There is no question that the membership of the Czech Republic brought significant positive effects in terms of economic stability and international security. Thanks to these conditions, the Czech economy has enjoyed growth and approximation to the Western standards. It has to be underlined that a significant number of Czech entrepreneurs have also successfully set up business in Western Europe, and that this successful part of the Czech economy does not draw from the structural funds. Contrary to what was mentioned above, the structural funds and their (miss)use represent a missed chances to strengthen the infrastructure. This is the case of regions of the Czech Republic bordering Poland and Germany, where the missing identification of political elite with the EU is examined only through EU funds. Therefore, the past financial period (2007–2013) was a chance for structural improvement that was lost. Since the identification of the political structures with the EU will not increase, the system of EU funding will continue to be perceived as an opportunity for questionable projects or in the worst case - fraud. Still, EU means framework for the rule of law, which makes economy independent of politics, and the wider perception of the EU is therefore focused on how to use it as an opportunity for business development.

8. Recommendations

The past decade of membership of Visegrad countries can offer a broader perspective to the Western Balkans on the accession process to the EU. The experience of 10 years of membership shines the light on the main issues that should serve as a set of recommendations for the Western Balkan countries, and for assistance of the Czech Republic in the support of the enlargement process. The integration process should consider the experiences of conflicts in past decades. Nevertheless, this cannot be just a struggle for the continuation of the integration process – the EU also has to serve as facilitator for the improvement of bilateral relations and provide for all an acceptable framework for accession.

Recommendations for Serbia and Other Western Balkan Countries

Emphasise belonging to the European communities. Political representatives should find support for the country’s membership in all parts of the country and convince regional political players to assist the accession. In other words, the accession should be communicated as tying the country to European ideas through the selection of fitting policy areas;

Use pre-accession funds for economic modernisation. The pre-accession funds as part of the pre-accession cooperation should be used for crucial improvement of the current infrastructure and for creating conditions for locally based entrepreneurs. In addition to this, cross-border economic exchange with neighbouring countries should be increased so that a heterogeneous region is perceived as more homogeneous;
During the negotiation process, focus on individual policy areas instead on politicising emotionally-coloured policy fields;

Find partners among the EU countries that will push for your membership. Finding partners and building coalitions should be a part of a successful strategy towards membership in the EU. This will help, among other things, to avoid bilateral conflicts as in the case of Slovenia and Croatia. The recent case of Croatia showed that, although Germany did not lobby directly, support of membership brings significant positive effects.

Recommendations to the EU

Offer a clear strategy concerning the accession process. In regard to the 2004 Eastern enlargement, the conditions of the negotiation process have to be set in advance to avoid the “moving target” strategy (changing the requirements over time). This must lead to offering a clear schedule of the negotiation process with a mutually confirmed will for membership. The EU must play an active role in the region and not allow Russia to play the role of disintegrator;

Offer a strategy on how to increase economic performance. Offering economic growth is the crucial part of the “belonging to Europe”-story. The EU as such is perceived first as a body with a high economic performance, and then as a space of shared ideas and political concepts. Therefore, the meaning of structural funds has to be spread to the broader audience;

Place less emphasis on anti-discrimination measures that often do not meet the expectorations of broader public. The focus on strengthening the capacity of the civil society should be supported further;

Support bilateral projects among the individual Western Balkan countries such as joint transport projects (railways, shipping etc.) to increase mutual interdependency.

What V4 Can Do to Help Accession of the Western Balkans?

Share the experiences from the negotiation process. Individual states can provide assistance to the Western Balkans in specific fields such as fostering small and medium enterprises (SME), capacity building of state administration and civil society, or in environmental policies. The V4 countries can provide institutionalised assistance to the Western Balkan countries through launching special mechanisms;

Provide institutionalised cooperation. The V4 and the Western Balkan region should be treated as regions with shared historical and political similarities and the same target: membership in the EU. For this purpose, the International Visegrad Fund can provide significant assistance, such as peer-to-peer training programs;

Be an active ally of the Western Balkan countries in the EU, and use informal influence and access to other players within the EU;

Support joint infrastructure projects to increase interconnection between the V4 and the Western Balkans.
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