

EU-27 WATCH



No. 9
July 2010

ISSN 1610-6458

www.EU-27Watch.org

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On the project

Due to the new treaty provisions of the Lisbon Treaty and the economic crises the enlarged EU of 27 member states is on the search for a new modus operandi while also continuing membership talks with candidate countries. The EU-27 Watch project is mapping out discourses on these and more issues in European policies all over Europe. Research institutes from all 27 member states and the four candidate countries give overviews on the discourses in their respective countries.

The reports focus on a **reporting period from December 2009 until May 2010**. This survey was conducted on the basis of a questionnaire that has been elaborated in March and April 2010. Most of the 31 reports were delivered in May 2010. This issue and all previous issues are available on the EU-27 Watch website: www.EU-27Watch.org.

The EU-27 Watch No. 9 receives significant funding from the **Otto Wolff-Foundation, Cologne**, in the framework of the *"Dialog Europa der Otto Wolff-Stiftung"*, and financial support from the **European Commission**. The European Commission is not responsible for any use that may be made of the information contained therein.



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Slovakia**A stabilising factor of Slovakia's financial sector got into crisis**Vladimír Bilčík

Despite initial estimates in late 2008 that did not expect very considerable influence of the financial crisis on Slovakia's economy, Slovakia recorded a deep dip in its economic performance in 2009. In addition, the Euro, which brought comparable stability to Slovakia's financial sector with the finalisation of Slovakia's Eurozone entry, was suddenly in a crisis caused by the dire economic and financial situation in Greece. In 2009, Slovakia followed the path of other Eurozone countries when it introduced the unlimited deposit guarantee immediately after the proposal by the European Commission. Although several possibilities were discussed as alternatives to the unlimited deposit guarantee, the overpowering explanation for the unlimited deposit guarantee were the similar reactions of other EU countries and thus an attempt at sustaining Slovakia's competitive edge.¹

In 2010, Slovakia reacted with a lot more caution to proposals which were to deal with the economic crisis. With its parliamentary elections held on 12 June 2010, Slovakia's government, led by Prime Minister Fico, agreed to the framework decision on the finance package for Greece, but left the final stamp of approval on the country's bilateral loan to Slovakia's new parliament. However, at least three of the four political parties that are to form Slovakia's new government and hold new parliamentary majority have either rejected or been sceptical toward the adoption of the package. These include the Slovak Democratic and Christian Union (SDKÚ-DS) of Slovakia's newly designated Prime Minister Iveta Radičová and two new parties (the liberal Sloboda a Solidarita, Freedom and Solidarity – SAS, and the new Hungarian party Most-Híd – Bridge). Their arguments were mainly twofold: that such loan would undermine the already unhealthy state of public finance in Slovakia and that it is irresponsible to lend more money to the notoriously irresponsible Greek state (especially articulated by Freedom and Solidarity). Only the Christian Democratic Movement (KDH), the fourth party of the expected coalition, has been willing to consider supporting the finance package for Greece. Hence, Slovakia's support for its bilateral loan to Greece in the context of the finance package for Greece is questionable and at the moment it does not look likely that Slovakia will lend money to Greece, though once the winners of the parliamentary elections take over their governmental responsibilities, they may also reconsider their initially firm positions.

Similarly, the outgoing Prime Minister Robert Fico articulated his support for the creation of the European Stabilisation Mechanism, but he is leaving the binding decision to the parties of the new governing coalition. The point is that Slovakia's signature is necessary in order to activate this new stability mechanism and both in the run-up to and right after the parliamentary elections on 12 June 2010 the majority of the winning parties (SDKÚ-DS, SAS and Bridge) rejected the proposed European Stabilisation Mechanism. Only the KDH indicated lukewarm support for the new mechanism, though the parties of the new government have been less willing to comment on their positions toward the stability mechanism since elections took place, arguing that they need more time to study the details and implications for Slovakia. In the latter half of June 2010, it looked a bit more likely that Slovakia would ultimately sign up to the new European Stabilisation Mechanism, though it might not disperse its bilateral loan to Greece.²

In Slovakia, the main lesson of the current crisis for the Stability and Growth Pact is a shared call to become serious and consequential about the existing rules. Also, Slovakia in principal accepted the proposed role of the European Commission, which puts it in control of the member states' national budgets. The State Secretary of the Ministry of Finance Peter Kažimír even welcomed this new role for the European Commission, though he also suggested that the Commission would have to undergo reform in order to take up this controlling function effectively.³ There was little discussion of the Europe 2020 Strategy in Slovakia, though two points are worth stressing. Slovakia's representatives called for the replacement of the term "poverty" with the word "cohesion", since, according to Eurostat numbers, Slovakia has the fourth lowest level of poverty in the EU, yet wages and social standards are lower than in most other EU member states. Moreover, the eradication of poverty should be one of the by-products of the Europe 2020 Strategy whose main goal should be enhancement of economic growth.⁴ Second, it is a long-term strategy whose language is not as extravagant as that of the Lisbon Strategy, but whose overall goals are hardly realistic from Slovakia's current perspective.

· Slovak Foreign Policy Association.

¹ SME: Garancia sú na papieri. Banky sú zdravé, 9 January 2009.

² See Euractiv.sk: Slovensko zatiaľ nemá jasné stanovisko k pôžičke Grécku, 17 June 2010, available at: <http://www.euractiv.sk/buducnost-eu/clanok/slovensko-zatial-nema-jasne-stanovisko-k-pozicke-grecku-015338> (last access: 29 June 2010).

³ Euractiv.sk: Peter Kažimír: Kontrola rozpočtov nie je ohrozením suverenity, available at: <http://www.euractiv.sk/ekonomika-a-euro/interview/kontrola-rozpocetov-nie-je-ohrozenim-suverenity-015131> (last access: 29 June 2010).

⁴ Euractiv.sk: Ivan Korčok: Východná Európa žiada férové zastúpenie v Európskej zahraničnej službe, available at: <http://www.euractiv.sk/obrana-a-bezpecnost/interview/vychodna-europa-ziada-ferove-zastupenie-v-europskej-zahranicnej-sluzbe-014799> (last access: 29 June 2010).

Questionnaire for EU-27 Watch, No. 9

Reporting period December 2009 until May 2010 – Deadline for country reports 21 May

All questions refer to the position/assessment of your country's government, opposition, political parties, civil society organisations, pressure groups, press/media, and public opinion. Please name sources wherever possible!

1. Implementation of the Lisbon Treaty

On the 1 December 2009 the EU-reform ended with the entering into force of the Lisbon Treaty. However, the new treaty provisions still have to be implemented. Some procedures and conditions have to be determined. In other cases, procedures, power relations, and decision-making mechanisms will change due to the new provisions.

- How is the work of the new President of the European Council, Herman Van Rompuy, assessed in your country? Which changes to the role of the rotating council presidency are expected?
- How is the work of the new High Representative of the Union for Foreign Affairs and Security Policy, Catherine Ashton, assessed in your country? Please take into particular consideration both her role within the European Commission and her relationship to the Council of the European Union.
- On 25 March 2010 a "Proposal for a Council Decision establishing the organisation and functioning of the European External Action Service" was presented. How is this concept perceived in your country? Which alternatives are discussed?
- On 31 March 2010 the European Commission presented a proposal defining the rules and procedures for the European Citizens' Initiative (ECI). What are the expectations for the ECI in your country? What are the various positions concerning the rules and procedures?

2. Enlargement and European Neighbourhood Policy

The European Commission has given its opinion on Iceland's application for EU-membership and a decision from the Council is expected before the end of June. Croatia seems to have settled its border dispute with Slovenia. Against this background:

- Which countries does your country expect to become members of the European Union in the next enlargement round? What are the opinions in your country on the membership of these countries?
- How are the membership perspectives of those countries discussed, which are not expected to become a member in the next enlargement round?

The Eastern Partnership and the Union for the Mediterranean were the last major projects dealing with the European neighbourhood:

- How are these projects assessed in your country?

3. European economic policy and the financial and economic crisis

The European Council agreed on 25/26 March on the key elements of the Europe 2020 strategy, the successor of the Lisbon strategy. While not being on the formal agenda the economic and financial situation in Greece was discussed. The European Council agreed on a finance package combining bilateral loans from the eurozone and financing through the International Monetary Fund.

- How is the finance package for Greece assessed in your country? Are there any opinions on the process, how the agreement on the package was reached?
- Which lessons should be drawn from the Greek case for a reform of the Stability and Growth Pact?
- How is the idea of "a strong coordination of economic policies in Europe" perceived in your country? What concepts of an European economic governance are discussed in your country and which role do they assign to the Euro group?
- How is the Europe 2020 strategy discussed in your country? What are the priorities for the Europe 2020 strategy from your country's perspective?

4. Climate and energy policy

The climate conference in Copenhagen took note of the Copenhagen Accord but did not reach a binding agreement. The next conference of the parties (COP 16 & CMP 6) will take place at the end of November 2010.

- How is the Copenhagen conference assessed in your country? Please take into consideration the negotiation strategy of European Union and the results of the conference.
- Does the European Union need to change its own energy and climate policy in order to give a new impulse to the international negotiations?
- Is a global agreement within the UNFCCC the best strategy to fight climate change? If not, which alternative strategy should the European Union follow?
- What is your country's position on financing mitigation and adaptation efforts in developing countries?

5. Current issues and discourses in your country

Which other topics and discourses are highly salient in your country but not covered by this questionnaire?