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Péter Balázs

## The first Hungarian EU Council presidency

*Abstract: Hungary assumed the EU Council presidency as the third “new” EU member state after Slovenia and the Czech Republic, but the first in a new post-Lisbon institutional regime. The article provides an overview of the political and operational performance of the first-ever Hungarian EU presidency and strives to evaluate the overall impact this had on the image Hungary has, primarily in the EU.*

Out of the 12 new member states that joined the European Union in 2004 and 2007, Hungary was the third to assume the rotating presidency of the Council. The Hungarian EU presidency, which took place in the first half of 2011, was part of a trio presidency composed of Spain, Belgium and finally Hungary. This was the first trio under the new institutional regime of the EU under the Treaty of Lisbon. In the EU, the first half of the year 2011 was dominated by measures to consolidate the eurozone after the shock of the world-wide financial crisis. During the Hungarian presidency, Croatia successfully completed its accession negotiations. On the external policy front, the major event of this period was the so-called Arab Spring. The article provides an overview of the political and operational performance of the first-ever Hungarian EU presidency and strives to evaluate the overall impact on the image Hungary has, primarily in the EU.

### First EU presidencies of the new member states

When states join the European Union, there are several occasions on which they can introduce themselves and demonstrate their qualities.

The first opportunity is obviously during accession negotiations, which take several years, and provide a first impression of the political traditions, legal system and governing capacities of the candidate country. During the negotiations, “old” member states can ascertain whether the future member

adopts a serious and responsible approach to its obligations or opts for a “window dressing” approach to show compliance with EU requirements.

The second major test occurs after the accession treaty has been signed: participating in the day-to-day work of the European Parliament and the Council as observers. This introductory period usually lasts about a year, and the close personal relationships established through working together in these two EU institutions provide a source of information about the newcomer.

The third phase starts with the accession date on which the new member state delegates national representatives to the European Commission, the European Court of Justice and other EU institutions as well; their quality and performance are further testimonies about the country.

More probing follows once the higher levels of European integration have been reached: joining the Schengen area and the eurozone. However, one of

the hardest tests of EU membership is assuming the rotating Council presidency for six months. The first presidency of a new member state is the most crucial of all: it provides an intimate view of the governing capacities of the presiding country. The day-to-day work conducted at various levels of the Ministerial Council and in relation with other EU institutions, particularly the European Parliament and the European Commission, sheds much light on the governing capacities of the presidency country.

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Slovenia was the first, taking over the chair of the EU Council in the first half of 2008, and was followed by the Czech Republic at the beginning of 2009. All the 12 new member states acceding to the European Union in 2004/2007 were integrated into the rotating system of EU Council presidencies. According to the long-term schedule adopted by the European Council, the new members were allocated their turns over a 12 year period starting in 2008. Consequently, between 2008 and 2019 half of the all Council presidencies (12 out of 24) will be assumed by new member states. Romania will be last in the series of “first EU presidencies,” in the second half of 2019!

The “old” member states have paid greater attention to the performance of the first presidencies of the newcomers. The EU15 countries did not hide

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<sup>1</sup> See the complete list of the EC/EU Council Presidencies between 1958 and 2020 at [http://www.cvce.eu/content/publication/1999/5/18/2d98ee61-3ef7-4fda-8471-72eb18c75006/publishable\\_en.pdf](http://www.cvce.eu/content/publication/1999/5/18/2d98ee61-3ef7-4fda-8471-72eb18c75006/publishable_en.pdf) [accessed on December 2, 2011].

their doubts and fears about whether their new colleagues would have the capacity to perform one of the hardest tasks of EU governance. Despite some negative expectations, Slovenia conducted its EU presidency satisfactorily (with the friendly help and support of neighboring Austria). The Czech presidency was weakened by parliamentary elections and the ensuing change of government in the middle of the six-month period. This unexpected event is one of the most serious setbacks any Council presidency could encounter. Both the Slovenian and Czech presidencies, however, tried out their capacities under the traditional, pre-Lisbon regime: the prime minister of the presidency country still had responsibility for the work of the European Council and the foreign minister was chair of the General Affairs and External Relations Council (GAERC). The subsequent first presidencies of Hungary and Poland in 2011 took place under the new institutional order of the Lisbon Treaty. The two countries were members of two different presidency trios: Hungary was the third member of a trio with Spain and Belgium, whereas Poland was the first member of a trio which includes Denmark and Cyprus. In the new post-Lisbon system the elected President of the European Council, Herman van Rompuy, guides work at the top-level of the Council, and the High Representative, Catherine Ashton, chairs the Foreign Affairs Council. Following these institutional changes, the role of the prime minister and the foreign minister of the country holding the rotating Council presidency has been substantially reduced.

## **The program of the 2011 Hungarian EU presidency**

Any EU presidency can be evaluated, first of all, in terms of whether it accomplished its own program. In this respect, the Hungarian presidency set realistic goals and was almost able to achieve all it intended.<sup>2</sup> As far as content goes, the program of a six month presidency should be subdivided into three main parts: first, continuing with the long-term tasks of the EU, second, achieving its own “priorities,” and third, handling unexpected events.

### ***Long-term tasks***

In the first category of long-term tasks, the issue that dominated the first half of 2011 was undoubtedly the promotion of EU economic governance with the aim of consolidating the eurozone. In this, the Hungarian experts did a good job

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<sup>2</sup> See the presidency's priorities and the program in “Priorities and programme of the Hungarian presidency of the Council of the European Union in the first half of 2011,” Ministry of Foreign Affairs of Hungary, 2010. Available online: [http://www.mfa.gov.hu/kum/en/bal/european\\_union/eu\\_pres\\_2011/priorities.htm](http://www.mfa.gov.hu/kum/en/bal/european_union/eu_pres_2011/priorities.htm) (accessed on December 2, 2011).

chairing various meetings of the EU member states at a working level. Work continued on the whole raft of very complex economic governance measures during the Hungarian presidency, including the six new regulations – the famous “Six Pack” – which was passed on to the European Parliament afterwards. However, Hungary had three handicaps in this special domain. Firstly, the country is not a member of the eurozone.<sup>3</sup> Secondly, the way the government in Hungary has been set up does not include a minister of finance since the former ministry of finance was amalgamated with other government agencies to form a superstructure known as the Ministry of National Economy in 2010. Third, Hungary was among the four EU member states that did not join the “Euro Plus Pact” initiative bringing together the eurozone and non-eurozone countries into an alliance for forging the basis of joint economic governance in the EU. For these

reasons, and in spite of the good professional work conducted by the experts, Hungary was not a real player involved in top-level decision-making on stabilizing the eurozone.

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Another long-term issue was the further enlargement of the EU. The Hungarian presidency made notable efforts to accelerate and complete the accession negotiations with Croatia. Obviously, the most sensitive issues are always left to the end

phase of such negotiations. Through successful mediation and problem solving, Hungarian experts and diplomats were able to facilitate the conclusion of talks between the EU member states and Zagreb. In June 2011, the last month of the Hungarian presidency, an important and positive event occurred in a neighboring country of the EU: the Serbian government captured long-wanted war criminal Ratko Mladić and extradited him to the International Criminal Tribunal for the former Yugoslavia (ICTY). This meant there was now an opportunity to speed up rapprochement between Serbia and the EU. At that moment Hungary – as a directly interested neighbor – could have initiated an immediate response from the Union to this positive event. First of all, the Hungarian Presidency could have suggested that a position be adopted at the closing summit meeting on June 24, 2011. In order to achieve this, the country chairing the Council would have needed imagination, courage and supportive friends. Hungary may not have had some of these ingredients to hand and did not grasp the historic opportunity. At the same time, the Hungarian foreign ministry promoted the

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<sup>3</sup> It should be noted that Poland and Denmark, the two countries taking up presidency after Hungary, are not eurozone members either.

future EU accession of Montenegro and Macedonia in the Council without even mentioning Serbia, a country which is still crucial to all positive solutions on the Western Balkans. The complex and sensitive issue of the accession talks on Turkey did not progress under the Hungarian presidency either: Hungary insisted on the accession of Romania and Bulgaria to the Schengen zone even though this looked rather unrealistic from the outset.

### ***Hungary's own priorities***

In the category of its own priorities for the EU presidency, Hungary set ambitious goals, most of which it reached. The Danube Strategy was approved at the closing summit meeting. This macro-regional project is the second of its kind after the successful model of the Baltic Sea Strategy.<sup>4</sup> EU member states have started preparatory work in relation to the Danube on the basis of a Romanian–Austrian initiative from 2008. Hungary added its voice to the idea of establishing EU-based cooperation along the Danube River in 2009 at a meeting in Ulm (Germany) and invited the participants to a high level conference in Budapest. This meeting took place on February 25, 2010 along with a stakeholders' conference organized by the European Commission. The double event in Budapest indicated a turning point in the preparatory phase of the Danube Strategy: of the many ideas put forward, the most popular priorities could be selected and further developed by the European Commission. Finally, the six EU member states on the Danube were joined by two other interested EU countries seeking to participate in the project.<sup>5</sup> At the same time, six neighbors of the larger Danube area (Croatia, Serbia, Bosnia and Herzegovina, Montenegro, Moldova and Ukraine) were also able to participate in the strategy. This new EU project has promised more dynamic cooperation in key areas like transport, environment, security and cultural exchange as part of a new and appropriate dimension of integration.<sup>6</sup>

The Roma Strategy is another new development that took shape during the Hungarian semester of the EU. A major contribution was an excellent report by Hungarian MEP Livia Járóka, which was discussed by four committees of the European Parliament.<sup>7</sup> The new Roma Strategy recognizes the importance of

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<sup>4</sup> "European Council Decisions on the Baltic Sea Strategy," Brussels, October 27, 2009.

<sup>5</sup> The six EU participants of the Danube Strategy are: Germany, Austria, Hungary, Slovakia, Romania and Bulgaria, while the two interested member states are the Czech Republic and Slovenia.

<sup>6</sup> "European Council Decisions on the Danube Region Strategy," June 24, 2011.

<sup>7</sup> The European Parliament adopted a Resolution on March 9, 2011. See "European Parliament resolution of 9 March 2011 on the EU strategy on Roma inclusion (2010/2276(INI))," European Parliament, 2011. Available online: <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&reference=P7-TA-2011-0092&language=EN> [accessed on December 2, 2011].

the growing Roma population of the EU, totaling 12 million people after the last enlargements of 2004 and 2007. The Roma population is largest in Romania, Bulgaria, Hungary, Slovakia and the Czech Republic. The EU Roma Strategy is to suggest coordinated action in the member states to solve the fundamental problems of the Roma people, such as housing, health care, education, employment and social integration. The Strategy asks the EU member states to take action, to nominate government representatives and establish national contact points for the coordination of Roma affairs in the EU. Annual reports are to function as a mechanism to ensure political control at the EU level.

Hungary also intended to promote the integration of the EU energy sector. Building interconnectors between the gas pipelines of neighboring states such as Hungary and Romania, Hungary and Slovakia or Hungary and Croatia would ease the one-sided dependence of each individual country connected to the east–west pipelines inherited from earlier (CMEA) times. In addition the long-awaited Nabucco project showed some progress during the Hungarian EU semester. At the same time, Hungary’s enthusiastic support for the AGRI project<sup>8</sup> was not shared in EU circles, due to the unrealistically high costs of this solution.

### ***Foreign policy and unexpected events***

The major foreign policy issue of the Hungarian EU presidency should have been the second summit meeting between the EU and the six countries of the Eastern Partnership framework project.<sup>9</sup> However, this event was shifted to the second half of the year and took place under the Polish presidency in Warsaw on September 30, 2011. In the official Hungarian communiqué, the reason for the postponement was a series of timing and coordination problems with other international meetings. However, the Hungarian government had not prepared thoroughly enough in time and, for that reason, was seemingly afraid of the top-level session failing. As a result of this change to the program, there was not a single opportunity for the Hungary presidency to host a European Council meeting with the EU heads of state or government on home soil. The highest ranking EU foreign policy event during the Hungarian presidency was the Europe–Asia (ASEM) meeting of foreign ministers near Budapest (in Gödöllő).

In the category of unexpected events, the Arab Spring was highest on the agenda. In Tripoli (Libya), the Hungarian embassy was the only EU one

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<sup>8</sup> The transport of liquid gas from Azerbaijan through Georgia across the Black Sea to Romanian ports.

<sup>9</sup> The neighboring countries participating in the EU Eastern Partnership project, begun in May 2009, are Ukraine, Belarus, Moldova, Armenia, Georgia and Azerbaijan.

to stay open and active in spite of the dangerous conditions. The Hungarian embassy acted on behalf of the EU presidency and in the name of the whole EU. Otherwise, representatives of the Hungarian presidency did not play a major role in helping solve the Libyan conflict. Leaders of the foreign ministry paid a few fact-finding visits to the Egyptian border regions of Libya, but the Hungarian prime minister, representing the EU Council presidency, was completely left out of the EU–Libya summit meeting hosted by France with representatives from the EU, UN and the Arab League in Paris on March 19<sup>th</sup>, with representatives of the EU, UN and the Arab League. In the first half of 2011 the most ambitious initiative on Libya did not come from the member state chairing the Presidency or from those belonging to the Mediterranean region; it was Denmark and the Netherlands who drafted a plan of assistance with a view to deepening the EU Mediterranean Strategy and proposing solutions to deal with the severest economic problems of the Arab countries suffering continued political unrest.

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Hungarian diplomatic missions in third countries, outside the EU, had important responsibilities during the presidency as well. However, too many politically motivated personnel changes among the diplomatic staff, including well-established ambassadors, before and even during the presidency weakened the performance of the diplomatic corps of the country. There were a few exceptions, for example the UN Mission of Hungary in New York undertook good work representing the EU presidency.

## **The image of Hungary after the EU presidency**

### ***The performance of the government***

Assuming that undertaking the responsibilities associated with the EU presidency generally sheds more light on the country chairing the Council, what external image of Hungary has been formed as a result of her performance as presiding EU country? According to the press – and the author’s personal impressions – the professional public in Brussels and other EU capitals commended the Hungarian experts, those invisible hundreds – or maybe, thousands – of government officials and diplomats working behind the scene. Judgments about the performance of the government of Hungary were quite different. The surprisingly small cabinet with only eight ministers heading extra-large

ministries, established after the 2010 parliamentary elections in Budapest, did not correspond to the structure of the EU Ministerial Council formations. While half the Hungarian ministries could find counterparts in the EU Council formations, the other half could not.

Thus the foreign ministry assumed a double task: participating in the Foreign Affairs Council (chaired by C. Ashton, as mentioned above) and chairing the General Affairs Council, now a separate entity and no longer part of GAERC.<sup>10</sup> Representatives of the Ministry for Public Administration and Justice, and of the Ministry of Interior alternately attended the meetings of the Council of Justice

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and Home Affairs in the EU. The other four Hungarian ministries (National Economy, National Resources, National Development, Rural Development)<sup>11</sup> had to liaise with seven different EU ministerial councils, which hold regular meetings in more than seven sectoral formations. During the EU Presidency, the first real test for the over-centralized Hungarian government system was a series of 16 hearings at various committees of the European Parliament in

January 2011. Several Hungarian state secretaries were promoted overnight to “state ministers” in order to respond to the obligations of the presidency. It transpired that areas such as employment policy, social inclusion, environment, health, energy, research, infrastructure, transport, education, sport, culture, etc., are not represented at ministerial level in the new Hungarian government. During the first six months of 2011 this discrepancy was, first of all, a structural deficiency of the EU presidency. In the longer run, it is a deeper problem of democracy, transparency, accountability, and good governance in Hungary, causing serious imbalances in the distribution of government-level work and reducing the scope of inter-ministerial coordination.

### ***Informal presidency events in Hungary***

The official sessions of the various EU Council formations at all levels take place in Brussels, only the informal meetings can enjoy the hospitality of the presidency country. The informal ministerial meetings of the EU presidency held

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<sup>10</sup> The former General Affairs and External Relations Council (GAERC) was divided into two new councils on January 1, 2010: the Foreign Affairs Council (FAC) and the General Affairs Council (GAC).

<sup>11</sup> The Ministry of Defense has no specific role in the EU presidency.

in Hungary took place mostly in one single location, the renovated castle of Gödöllő, 30 km east of Budapest. The place has some strange reminders of the history of Hungary: after the compromise of 1867 (Ausgleich) establishing the dual Austro–Hungarian monarchy, Gödöllő castle was offered by the Hungarian nation to the Habsburg Emperor’s family. Following World War I, it served as the summer residence of Regent Horthy. After World War II, the Soviet Army occupied the building. None of those periods was a glorious time for the country. Nonetheless, the castle had been successfully renovated and the preparations for the EU presidency were excellent, thanks to the well-prepared protocol service. The latter was a requirement as the small city of Gödöllő has little in the way of hotel accommodation. Therefore, all the EU delegates had to stay in Budapest-based hotels and were transported to the meetings in Gödöllő with the efficient help of traffic police. Only two ministerial meetings took place at other locations (Debrecen and Balatonfüred). Following the wishes of the Prime Minister, the EU presidency was banned from the capital “in order to avoid traffic jams.” Viktor Orbán himself attended a single informal ministerial session in Hungary (family ministers) and addressed the Europe–Asia (ASEM) meeting of foreign ministers (which had to be interrupted, because of a thunder storm and the resulting power cut). As a result, EU delegates visiting the country for informal meetings saw little of Hungary or the people of Hungary, and could not meet EU delegates during the six months.

### ***The impact of Hungarian internal politics***

In spite of the good professional performance of the Hungarian experts during the EU presidency, general impressions of Hungary have been rather negative as a result of surprising developments in internal politics. The overwhelming (two thirds) majority in the Hungarian parliament gained by a single political-party union with 53 per cent of the votes at the last elections in May 2010 has provoked strange phenomena. Instead of solving long-standing problems in the country (education, public services, health care, etc..) this strong parliamentary majority has been used to monopolize and “eternalize” the power and political influence of the governing political party. In fact, the government itself plays a secondary role in governing, as MPs frequently circumvent government competencies and obligatory coordination mechanisms with individual draft laws being submitted directly to the parliament. In addition, the parliamentary majority has tried to extend its political maneuvering margin to the maximum. On the economy, it challenged first the EU and the eurozone rules on the limits of the budget deficit; afterwards it confiscated private pension funds and introduced various new taxes. In politics, it has abolished – or appointed party delegates – several fundamental checks and balances of democracy (the

constitutional court, the budget committee, the public prosecutor, the courts, press, etc). Externally, the parliamentary majority has tried to overstep the limits of the sovereignty of the country. The extended citizenship rules with the clear promise of voting rights in parliamentary elections for non-resident Hungarian citizens provoked all Hungary's neighbors to various extents. In the spirit of the new Constitution, particularly its Preamble, some of the actual provisions and symbolic acts all had the same result.<sup>12</sup>

On taking office, prime minister V. Orbán proclaimed "war" against the IMF but remained uncertain concerning the EU. He could not decide whether the EU was friend or foe to his populist drive. In a lengthy speech at the annual conference of Hungarian ambassadors at the end of August 2010, he made no mention of the approaching EU presidency as presenting a major challenge to Hungarian diplomacy. He spoke publicly about the role of the presidency for the first time at the end of October 2010, two months before it was due to start. After his introductory speech in the European Parliament on January 19, 2011 as President of the Council he had to face serious criticisms of the new Hungarian media law, a masterpiece of his one-party power offensive to eradicate democratic checks and balances. In response, instead of calming the already tense situation, he exacerbated the conflict and declared himself ready to "defend Hungary." On March 15<sup>th</sup>, in Budapest in his speech commemorating the 1848 revolution, Orbán compared the influence of the EU in Hungary to the oppression under the Habsburg Empire in the nineteenth century, and the Soviet dictatorship after World War II. All his appearances in Hungary have been accompanied by a sea of national flags (copying the layout used for Chinese Communist party congresses) but the EU flag was absent; it was added to the national flags only when Herman Van Rompuy, José Manuel Barroso or other high dignitaries of the EU visited Hungary. Apart from these symbolic anti-European gestures, his political message is dangerously misleading for Hungary, suggesting that the country is stronger standing alone, rather than together with its EU partners.

### ***The final balance***

As to the overall operational performance of the Hungarian EU presidency, it gave a mixed but fairly positive impression. The goals set by Hungary for her own presidency were mostly attained. Concluding the accession negotiations with Croatia and bringing the macro-regional Danube Strategy as well as the

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<sup>12</sup> As part of the Presidency decorations for the Justus Lipsius building in Brussels, headquarters of the EU Council, the Hungarian Government sent a "historical" carpet with an "old map" of "Hungary" including the territories of several neighboring states.

Roma Strategy under one roof are undoubtedly the master strokes of those six months. The first-ever Hungarian presidency came to an end with the closing session of the European Council on June 24, 2011. An overview of international press coverage of the European Council meeting demonstrates that three main issues attracted attention. First and foremost was the Greek economic crisis and the conditions set by the eurozone regarding payment of the next 12 billion euro installment out of the overall 110 billion. The second main topic was the nomination of the new head of the European Central Bank, Mario Draghi. The final issue was welcoming Croatia as a potential new member of the EU in mid-2013.

During the summit meeting and in the final days of the Hungarian presidency, the whole EU and the outside world were following the internal political situation in Greece with avid attention: would the small and fragile majority in the Greek Parliament be able to approve the biggest-ever austerity package for the country? The Eurogroup decided on further details on July 3<sup>rd</sup>, including the involvement of private investors.<sup>13</sup> The conclusion of the Hungarian presidency and its evaluation were not mentioned in the news. On the very day of the European Council meeting, the *Financial Times* published an article about

Hungary without so much as mentioning the EU and the presidency conducted by the country.<sup>14</sup> Seemingly, there was great relief on both sides. In Budapest, the end of the arduous task of chairing various EU Council meetings was good reason for joy. As far as Brussels is concerned, leaders of EU institutions and member states felt better once the presidency of an unpredictable and sometimes surprising government in the chair of the Council had come to an end. For the EU, Hungary's biggest "sin" was that, as a consequence of her internal politics, she created doubts about the validity and strength of European values and norms whilst in the limelight of the EU presidency. Against this backdrop, external EU conditionality could be weakened as well. As a result of this controversial political attitude, the EU Presidency could not become a real

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<sup>13</sup> In an interview for *Bild am Sonntag* the German minister of finance, Wolfgang Schäuble, stated that a "Plan B" should be ready for implementation. George Soros also warned the eurozone at a conference in Vienna.

<sup>14</sup> "Tax cut fails to lift consumers," *Financial Times*, June 24, 2011.

“feast for Europe” in Hungary, a time for mutual rapprochement. A historical opportunity was missed and the general image of Hungary in the outside world deteriorated after the EU presidency. This outcome may have negative effects on the political, economic or cultural spheres in the future.

Leszek Jesień

## **The Polish EU Council presidency 2011 – small steps**

*Abstract: The 2011 Polish presidency of the EU Council performed well in terms of management and mediation. It met the key criteria for assessing satisfaction or at least the other member states and institutions voiced no criticisms as to its content and proceedings. The presidency was generally able to tackle the problems efficiently and deliver results, with the sole exception of the Schengen area enlargement to include Bulgaria and Romania. On the leadership front, the challenge of mounting pressure on the eurozone and the growing divide between all 27 EU member states proved to be too great for a presidency held by a country outside the eurozone. However, a few of the interventions made by leading politicians, including the prime minister and minister of foreign affairs, were seen as being pertinent and timely in protecting overall EU cohesion.*

The first thing an incoming presidency needs to do is to plan its program of action. This is required so that the other EU partners, such as the member states and institutions, are better informed as to its plans. It also has to take into account the ongoing agenda and to guide the direction of the EU. First, the presidency forms its strategic plan, which is followed by an operation plan that outlines the details of the activities of various Council formations. With the help of the Secretariat General of the Council, the European Commission and European Parliament, the presidency creates an initial timetable for all the Council meetings, both formal and informal.<sup>1</sup> If we wish to check how a

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<sup>1</sup> For the program of the Polish presidency see: "Programme of the Polish Presidency of the Council of the European Union. 1 July – 31 December 2011," The official Polish presidency web site. Available online: [http://pl2011.eu/sites/default/files/users/shared/o\\_prezydencja/programme\\_of\\_the\\_polish\\_presidency\\_of\\_the\\_council\\_of\\_the\\_eu.pdf](http://pl2011.eu/sites/default/files/users/shared/o_prezydencja/programme_of_the_polish_presidency_of_the_council_of_the_eu.pdf) [accessed on November 11, 2011].

presidency has performed, the first thing to do is to check its achievements against the initial planning.

The main task of the presidency is to lead the work of the Council including its working groups as well as all the various gatherings of the member state officials. The main purpose of the presidency's work is to encourage the member states to reach agreement. In addition to leading all the Council meetings at all levels, the presidency gathers information so that it is sufficiently informed to effectively and horizontally coordinate the various formations of the Council, such as agriculture, competitiveness, environment, etc. The presidency is also tasked with coordinating effectively along vertical lines of cooperation at various levels of the Council: working groups, COREPER, the ministerial Council and the European Council. Hence, another way of assessing a presidency is to see whether its achievements have been coherently arrived at, then the participation and involvement of all the EU institutions can be looked at. Here, the cohesion of the whole institutional setting of the EU is important.

The many functions of the presidency can be reduced to just three broad areas – management, mediation and leadership.<sup>2</sup> While managing the Council, the presidency should organize various meetings, including working groups, committees, seminars, and formal meetings of COREPER and the sectoral Councils. It has to prepare drafts of legal acts and produce decisions that take into consideration the expert and legal points of view, which is normally done with the help of the lawyers of the Secretariat General of the Council. The presidency also has to monitor the passage of acts through the legislative process in order to ensure smooth operation of the decision making process. While doing so, it has to take into account the positions of other states and institutions, in particular the Commission and Parliament. From that perspective, the presidency needs to master the necessary expert, diplomatic and leadership skills required to effectively run the office. It has to cooperate smoothly with the Secretariat General of the Council and the administrations of the Commission and the Parliament.

The presidency primarily works with the means available to it: convening and chairing the formal and informal Council meetings at every level. Since

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<sup>2</sup> For accounts of the roles and responsibilities of the presidency and the various stages involved from the beginning to preparations, see for example: F. Hayes-Renshaw, H. Wallace, *The Council of Ministers*, Basingstoke: Palgrave Macmillan, 2006; J. Tallberg, *Leadership and negotiations in the European Union*, Cambridge: Cambridge University Press, 2006; L. Jesień, *Prezydencja Unii Europejskiej. Zinstytucjonalizowana procedura przywództwa politycznego*, Warsaw: Polish Institute of International Affairs, 2011.

the signing of the Lisbon Treaty, this power has been restricted because the permanent president, Herman Van Rompuy, now convenes and chairs the European Councils while Catherine Ashton convenes and chairs the meetings of the Foreign Affairs Council as one of the duties of the High Representative for Foreign and Security Policy. The rotating presidency has to ensure that meetings are conducted properly. It strives to resolve tensions and problems in a practical way.

An extremely important task of the presidency is to define the priorities for the meetings and to propose the agenda and obtain the other parties' approval. This requires that prior initial agreement from other member states be obtained and that the progression of cases under negotiation be closely monitored. Thanks to this approach, the presidency is able to respond swiftly to emerging problems, because the preferences of all players are known and so is the extent to which they are willing to negotiate.

The presidency as a principal EU mediator and one of its key leaders works on three distinct levels. It works with the EU member states to broaden the ability of the Council to reach compromise in negotiations. In order to be able to do so it is supported by the Secretariat General of the Council and the European Commission. Their legal services are of particular importance here.

The presidency has to mediate between the EU institutions during the decision-making process. It acts as a focal point for the Commission and the Parliament and other institutions if they need to become involved. It performs as a kind of interface between the EU institutions and the Council as a whole. It may become indispensable if the entire EU institutional system is to function properly.

Clearly the Polish presidency would have been able to function better had there not been mid-term parliamentary elections in Poland on October 9, 2011. Fortunately enough, from the point of view of the effective running of the presidency, the same coalition partners from the Civic Platform (PO) and the Polish People's Party (PSL) won again and formed a new government under the same prime minister, Donald Tusk. With key positions like the foreign minister (Radosław Sikorski) and the finance minister (Jan Rostowski) unchanged, it was relatively well equipped to carry on the work of the presidency.

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*The Polish presidency would have been able to function better had there not been mid-term parliamentary elections in Poland.*

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## The presidency program

Now, we need to look briefly into what the Polish presidency plans were like. Its program was based around three concepts: growth (European integration as a source of growth), security (an amalgamation of security of economic governance, food production, energy and defense) and the openness of the European Union.<sup>3</sup>

To a large degree the first priority was determined by the general financial and economic crisis evolving within the EU. Before the crisis developed into a full-blown euro debt crisis, the intention of the presidency had been to direct attention to initiatives that may bring more growth. Special emphasis was put on those aspects of the single market that might bring growth back to the EU economies at a time of crisis. The presidency prioritized the digital services market with the aim of eliminating cross-border barriers for on-line transactions, implementing the Single Market Act and the European patent.<sup>4</sup> As part of this, the negotiations on the post 2013 multi-annual financial framework were to be started by the Presidency with initial initiatives put forward by the European Parliament and the European Commission just before the start of the presidency. The Polish rotating presidency clearly did not intend to proceed with the budgetary negotiations as such, but was trying to steer this deal through stormy waters by determining the opinions held by all EU member states. It stressed, however, that – despite the fact that Poland was the biggest beneficiary – it attached great importance to the fact that the EU budget should be seen as a means of supporting cohesion and growth across the whole EU. Thus the future EU budget should serve to support the objectives of the Europe 2020 strategy.<sup>5</sup> This was clearly in line with the original Commission's proposal for the budget and the Polish presidency steered to accept it as a springboard for further, more substantial negotiations by subsequent presidencies of its trio.

The second broad objective was to bring together all the issues relating to the notion of security under one umbrella. In reality, they in fact comprised four quite distinctive areas. The presidency sought to continue the emergency work of the EU to improve its economic governance in order to stabilize the financial markets and regain their confidence. It also intended to oversee the application of the first round of coordinating the European semester of budgetary and

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<sup>3</sup> "Programme of the Polish Presidency of the Council of the European Union. 1 July – 31 December 2011," *op. cit.*

<sup>4</sup> *Ibid.*, pp. 6–7.

<sup>5</sup> For an overview of the Europe 2020 Strategy that followed the Lisbon Strategy see: [http://ec.europa.eu/europe2020/index\\_en.htm](http://ec.europa.eu/europe2020/index_en.htm) [accessed on November 11, 2011].

structural policies of the member states. It also envisaged support for the regulation and oversight of the financial markets along with further mechanisms to stabilize them. In addition, within this area, the presidency outlined reform of the Common Agriculture Policy, important both in terms of food safety and the CAP itself as well as for future budgetary negotiations. Thirdly, the presidency sought to actively proceed with the current agenda for energy, including energy security to be continued with the European Commission. Fourthly, the presidency intended to continue making improvements to the Common Security and Defense Policy, particularly with regard to its use of a mix of military and civilian instruments. It also planned to start discussions on CSDP organizational structures responsible for the preparation and planning of its operations.<sup>6</sup>

In terms of the openness of the European Union, the Polish presidency naturally attached great importance to developing the Eastern Partnership within the European Neighborhood Policy. This policy was an attempt to respond to the needs of the EU and direct attention both to the East and South of Europe, following the Arab spring events of early 2011. The Polish presidency took over from Hungary the duty of organizing the second Eastern Partnership summit and opted to forge cooperation with Eastern neighbors around a series of deep and comprehensive trade agreements. Following the earlier conclusion of the accession negotiations with Croatia, Poland's aim was to oversee the signing of the accession treaty with Zagreb and then move on to negotiations with Turkey as well as to explore further options for the Western Balkans. The presidency also hoped to open up new avenues for cooperation with Russia using the Partnership for Modernization.<sup>7</sup>

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*The Polish presidency naturally attached great importance to developing the Eastern Partnership within the European Neighborhood Policy.*

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The program planned as many as 118 ministerial meetings at various locations across the country and in Brussels, naturally. This was a high number, but quite normal for the second six-monthly presidency.

The program of the Polish presidency was in fact a classic attempt to organize the current agenda of the European Union. Fortunately enough, the presidency did not think up any new and controversial items for the agenda specific to the

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<sup>6</sup> "Programme of the Polish Presidency of the Council of the European Union. 1 July – 31 December 2011," op. cit., pp. 8–9.

<sup>7</sup> Ibid, pp. 10–11.

time it was in office. Where the issues were naturally close to Polish interests, other member states were unlikely to be surprised by them, since they resulted from a long tradition of well-established and argued interests and special areas, such as the Eastern policy, the multi-annual budget or energy security.

### **Small steps**

There were a number of small steps the Polish presidency took in order to proceed with the EU agenda and help the other EU member states. In fact the achievements and failures of the presidency reflect its ability to effectively follow the general agenda of the EU and its interests, but not really to follow its own set of national interests. Let us review the small steps taken by the Polish presidency in turn.

In the first half of the term, perhaps its greatest achievement was the adoption of the so-called six pack set of directives and regulations that strengthened the preventive and corrective arms of the growth and stability pact. The overall objective of the package is to provide better governance for the greater fiscal stability of the eurozone and specifically to deal with those countries that breach the rules on budget deficits and public debt.<sup>8</sup> While much of the work had already been done by the Hungarian presidency, which was very active on this, the remainder was left to the Poles, who were able to conclude the internal Council negotiations and the deal with the European Parliament so as to allow the pack speedy entry into force on December 13, 2011.

Interestingly, the presidency was able to get all the member states and the European Parliament to agree on the European Protection Order (EPO). The EPO is intended to extend protection to the victims of family violence if they relocate within the EU (so far, this kind of protection existed within individual EU member states only and ceased if a person moved from one state to another). The EPO for criminal cases will be complemented by future regulation covering the needs of victims in civil cases.<sup>9</sup>

Perhaps one of the greatest achievements of the presidency was to strike a deal on European patents, even though it has not yet been completed and still

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<sup>8</sup> "EU Economic governance: a major step forward," MEMO/11/364, European Commission, May 31, 2011. Available online: <http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/11/364&format=DOC&aged=1&language=EN&guiLanguage=en> (accessed on October 27, 2011).

<sup>9</sup> "MEPs endorse EU-wide protection rules for crime victims," European Parliament, December 5, 2011. Available online: <http://www.europarl.europa.eu/news/pl/pressroom/content/20111205IPR33214/html/MEPs-endorse-EU-wide-protection-rules-for-crime-victims> (accessed on December 21, 2011).

requires further signing of an international agreement on the Unitary Patent Court. The problem concerning the multiplicity of the patent protections in the European Union was doubly painful for its economy. First, it was much more costly for inventors and businesses to obtain than equivalent protections as in the American or Japanese systems. Secondly, it was much more cumbersome and time-consuming for those who sought patent protection covering the whole EU. Combined together these factors mean that the patent problem has long put the EU internal market at a disadvantage in comparison with other big, innovative markets globally. There had been attempts to overcome the problem for thirty years with no substantial progress. It has been argued that the December 2011 compromise on patents will reduce the cost of patent protection in the EU by as much as 80 per cent.<sup>10</sup>

As regards the multi-annual financial framework (MAFF) for 2014–2020, following the proposals put forward by the European Parliament and the Commission just before the Polish presidency took office, Poland's role was to clarify the position of the 27 member states. By no means was this an easy task given the ongoing and deepening financial and fiscal crisis in the eurozone. Nevertheless, the presidency managed to put together a report of its own, setting out the background for further negotiations. The report that followed the technical analysis of the Commission's proposal revealed broad agreement as to the structure of the MAFF. Naturally, the report points out differences in the preferred money allocations for the future cohesion policy, as well as for the common agriculture policy, resulting in differences over the total amount of resources for future financial perspectives. Clearly, opinions held by the member states differed substantially as to the best budgetary revenue structure with some preferring their own resources, others would like the VAT-based resources to be dropped, still others would like to see more GDI-based revenue, and finally some justified a future financial transaction tax as EU budgetary revenue. There was no agreement either as to the future of corrective mechanisms, like the

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*As regards the multi-annual financial framework for 2014–2020, Poland's role was to clarify the position of the 27 member states.*

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<sup>10</sup> "Agreement on substantial issues of single EU patent," *Presidency Brief*, December 6, 2011. Available online: <http://pl2011.eu/en/content/agreement-substantial-issues-single-eu-patent> (accessed on December 8, 2011).

British rebate.<sup>11</sup> The negotiations were taken over by the Danish presidency and then the Cypriot one with MAFF adoption planned before the end of 2012.

The presidency was less successful in other areas. The presidency did not succeed in convincing other Schengen area member states, in particular the Netherlands and Finland, that Bulgaria and Romania were ready to join the system. Despite having the Commission's positive assessment of the preparations undertaken by both countries, the Schengen enlargement was met with strong resistance and the Polish presidency was perhaps not patient enough to work out solutions satisfactory to all. As a result Schengen enlargement was once again postponed. Combined with the early 2011 difficulties with the Schengen system that Italy, France and Denmark had, this clearly did not contribute to the coherence of the European Union as a whole.

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*The presidency did not succeed in convincing other Schengen area member states that Bulgaria and Romania were ready to join the system. Nor was the presidency successful in bringing Ukraine closer to the European Union.*

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Nor was the presidency successful in one of the areas that was very close to its heart – bringing Ukraine closer to the European Union. It has been characteristic of Poland to act as a kind of Ukrainian advocate in the EU. Ukrainian–EU relations have repeatedly fluctuated due to changes in political life in Kiev and a lack of overwhelming support for its European vocation in the EU. In the second half of 2011, the EU was able to end negotiations on the Ukrainian association agreement, including the deep and

comprehensive free trade agreement. Yet, the agreement was not signed and a question mark hangs over its future ratification in clear indication that the EU is closely watching the internal political situation, particularly with regard to the situation of former prime minister Yulia Tymoshenko.<sup>12</sup>

The relative public success of the Polish presidency might be partly due to the fact that it was quite apt in dealing with NGOs and civil society at large.

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<sup>11</sup> “Multiannual financial framework (2014-2020) – Report on progress of work within the Council in the second semester 2011,” Report of the Polish presidency 17448/1/11, December 1, 2011. Available online: <http://register.consilium.europa.eu/pdf/en/11/st17/st17448-re01.en11.pdf> (accessed on December 5, 2011).

<sup>12</sup> “Remarks of President Herman Van Rompuy, following the 15<sup>th</sup> EU-Ukraine summit,” Kiev, EUCO 166/11, December 19, 2011. Available online: [http://www.consilium.europa.eu/uedocs/cms\\_Data/docs/pressdata/en/ec/127053.pdf](http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ec/127053.pdf) (accessed on December 20, 2011).

The presidency was supported by a team of external advisors appointed over a two-year period starting in February 2009 prior to it taking office. Members included: Laurent Cohen-Tanugi (Europe and Globalization Taskforce), Prof. Dieter Helm (Oxford University), Paul Hofheinz (the Lisbon Council), Prof. Alan Mayhew (Sussex University), Jean Pisani-Ferry (Institute Bruegel), Gaëtane Ricard-Nihoul (Notre Europe), Daniela Schwarzer (Stiftung Wissenschaft und Politik) and Paweł Świeboda (demosEUROPA). The team assisted the presidency in preparing its program.

The NGOs also provided interesting intellectual input to all three trio presidencies, beginning with the Polish one in July 2011 and continuing with the Danish and Cypriot ones in 2012. As many as 16 European NGOs and 70 researchers drew up proposals for this trio that covered all issues thought to be key at the time, including economic and financial affairs, environmental and migratory pressures, and foreign affairs.<sup>13</sup>

The presidency organized briefings for the NGOs in order to keep them informed as to how preparations were progressing initially and later of its achievements and difficulties. It also hired a US based PR company, Burson-Marsteller, with branches in Brussels and Warsaw, to deliver its website and assist with media relations.<sup>14</sup>

An important element of this broad public effort was the presidency cultural program of activities. Culture was used as a means of enhancing general public awareness of Poland while it was at the helm of the European Union. Although it is limited in its leadership capacities following the adoption of the Lisbon Treaty, the country of the rotating presidency of the EU Council is still rightly perceived both in the EU and globally as the most visible, if not most important, country of all the EU member states at that time. Hence, culture fits well with general public expectations of increased interest and visibility. That is why the presidency set up a separate cultural program to run both internally, in Poland, and externally, across the world.<sup>15</sup> It comprised flagship projects concentrating on figures such as poet and Nobel Prize winner Czesław Miłosz, science-fiction writer Stanisław Lem, and composer Karol Szymanowski. Altogether the cultural program of the presidency organized almost 400 events globally, including important

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<sup>13</sup> See the Notre Europe website: <http://www.notre-europe.eu/en/axes/visions-of-europe/projects/projet/eu-presidenciesthink-global-act-european/> (accessed on November 9, 2011).

<sup>14</sup> A. Rettman, "Polish EU presidency hires top PR firm," *EUobserver*, April 15, 2011.

<sup>15</sup> A special Web site was set up for the presidency cultural activities: <http://www.culture.pl/web/english/cppp-about-the-programme> (accessed on November 9, 2011).

exhibitions, film festivals, music concerts, etc., in Madrid, London, Brussels (naturally), Moscow, Beijing, Paris, Kiev, Tokyo and so on.<sup>16</sup>

As is usually the case, the presidency cooperated with businesses and the media. Ideas such as the presidency partners and the club of the friends of the presidency allowed it to get businesses support and limit public expenditure at the same time.

On the inter-institutional front, the Polish presidency, faced with the challenge of intensive post-Lisbon cooperation with the European Parliament within the legislative process, launched a “Meet the Presidency” initiative, a series of informal meetings on the margins of the EP plenary sessions. MEPs and high-ranking representatives of the presidency could thus have an informal opportunity to meet in order to improve mutual understanding and enhance legislative procedures. The meetings were open to other participants such as EP administrative and research staff as well as journalists. The “Meet the Presidency” opportunities focused on specific subjects. The first was the State of the Union discussion (on September 27, 2011). The second meeting on October 25 discussed a proposal to establish the European Endowment for Democracy. The third, “Climate change,” concerned preparations for the Durban COP-17 negotiations and it took place on November 15. The last was entitled “Quo vadis Europa?” and was about future EU developments following the December European Council and was

organized on December 13<sup>th</sup>.<sup>17</sup> The “Meet the Presidency” initiative made for an interesting additional and informal forum bringing together the efforts of both the presidency and the European Parliament in their decision-making. If it is taken up by future presidencies, “Meet the Presidency” may prove useful to both the presidency administration and Parliament.

<sup>16</sup> For the full list of events, see: <http://www.culture.pl/web/english/calendar-world> (accessed on November 9, 2011).

<sup>17</sup> “Meet the Presidency” brief, December 14, 2011. Available online: <http://pl2011.eu/en/content/meet-presidency-0> (accessed on December 16, 2011).

## Protecting overall EU cohesion

The Polish presidency attempt to protecting overall EU cohesion consisted of four elements, or four political speeches to be precise. Two of them were made by prime minister Donald Tusk at the European Parliament plenary sessions inaugurating the presidency and assessing the presidency. A third was made by minister of finance Jan Rostowski in the EP; while the last was given by foreign minister Radosław Sikorski in Berlin.

None of them were in fact about the proceedings and experiences of the Polish presidency, although they did all begin by mentioning the presidency. Tusk's first speech to the PE in July – marking the opening of the presidency – was considered to be very dynamic as he declared that full use should be made of Polish “enthusiasm, energy and optimism.” The main subject of all four speeches was unsurprisingly the evolving financial and fiscal crisis of the eurozone. Tusk clearly stated that European integration and its institutions were not the source of the problem and warned against setting up new barriers in Europe in the aftermath of the crisis or the events in North Africa. He went as far as to say that “Europe is indeed the best place on Earth. And nobody has ever invented anything better.” He defined the Polish presidency as being focused around the conviction that “the more we have Europe, the less there will be of the crisis.”<sup>18</sup>

In his speech summing up the presidency, Tusk went even further and observed sadly that compared to Europe only six months previously at the beginning of the presidency, Europe at the end of 2011 cannot be said to be any more integrated, regardless of all the efforts made by the presidency. Here Tusk continued his observations from six months earlier and said that the EU has only two choices: to come together in seeking a way out of the crisis, or to go the way of national egoisms that see the EU as a heavy burden. Interestingly, the Polish prime minister identified the key problem of Europe as being a lack of leadership. Tusk said he saw the current crisis as a systemic European crisis where questions of legitimacy and political responsibility were at stake. He saw the European Parliament as having sufficient legitimacy to serve as the constituent assembly for Europe, from where work could begin on new construction of European integration.<sup>19</sup>

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<sup>18</sup> “Prime minister Tusk’s speech before the European Parliament commemorating the commencement of the Polish presidency of the European Union.” Text available online: [http://www.premier.gov.pl/premier/przemowienia/wystapienie\\_premiera\\_donalda\\_t,6980/](http://www.premier.gov.pl/premier/przemowienia/wystapienie_premiera_donalda_t,6980/) [accessed on December 19, 2011].

<sup>19</sup> “Prime minister Tusk’s speech before the European Parliament commemorating the conclusion of the Polish presidency.” Text available on-line: <http://www.premier.gov.pl/files/download/5862.doc> [accessed on December 19, 2011].

During the September plenary session of the European Parliament, Polish finance minister Jan Rostowski issued a dramatic warning to the EU about the potential consequences of the eurozone problems. He opined that, “if the eurozone breaks up, the EU won’t survive for much longer.”<sup>20</sup> And such a course of events could bring back the bad war memories of Europe.

The Polish presidency political warning on the overall cohesion of the EU was perhaps voiced most strongly by foreign minister Radosław Sikorski in his Berlin speech to the German Council on Foreign Relations (DGAP).<sup>21</sup> He noted the deep divisions in the European Union and the high stakes involved in the survival of the eurozone. Sikorski specifically called on Germany to make up its mind and do what needs to be done in order to save the euro. Consequently, he argued for a vision of strong Union institutions supervising a stronger euro. The European Central Bank should be a proper central bank with the ability to lend as a last resort; the Commission should be stronger and slimmer with fewer members than the number of participating states and Parliament should be the repository of EU legitimacy.

Specifically, the Polish political warning about EU cohesion – apart from all its important rhetoric – repeated one particular message. The EU should avoid any further divisions. For the sake of cohesion, meetings of the eurozone member states should include those EU members that are still outside the eurozone. They should not take part in any of the voting, but be present for the discussions. This idea was repeated in various speeches made by the presidency.

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*The Polish presidency political warning on the overall cohesion of the EU was perhaps voiced most strongly by foreign minister Radosław Sikorski in his Berlin speech to the German Council on Foreign Relations.*

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<sup>20</sup> “Focus: Strasbourg plenary 12-15 September,” European Parliament, No. 20110908 FCS26135, p. 8. Available online: [http://www.europarl.europa.eu/pdfs/news/public/focus/20110908FCS26135/20110908FCS26135\\_en.pdf](http://www.europarl.europa.eu/pdfs/news/public/focus/20110908FCS26135/20110908FCS26135_en.pdf) [accessed on November 20, 2011].

<sup>21</sup> R. Sikorski, “Poland and the future of the European Union,” speech to DGAP, Berlin, November 28, 2011. Available online: [http://www.msz.gov.pl/files/docs/komunikaty/20111128BERLIN/radoslaw\\_sikorski\\_poland\\_and\\_the\\_future\\_of\\_the\\_eu.pdf](http://www.msz.gov.pl/files/docs/komunikaty/20111128BERLIN/radoslaw_sikorski_poland_and_the_future_of_the_eu.pdf) [accessed on December 1, 2011].

## Conclusions

There were no protests from the other EU member states during the Polish presidency. It succeeded in navigating the stormy waters of conflicting interests among the member states. Even the most important goal that it was unable to deliver – the lack of agreement on enlarging the Schengen area to embrace Bulgaria and Romania – was not blamed on a lack of effort or mistakes on the part of the presidency even by the most actively involved states, including Finland and the Netherlands, or Bulgaria and Romania. This seems to be quite an achievement given the fairly low level of mutual trust and the fairly significant difficulties relating to the issues that divide them (dealing with the euro, financial and budgetary surveillance, bail-out packages, new treaties, early multi-annual financial framework negotiations, etc).

There were no complaints from the other EU institutions. To the contrary, the presidency was complimented for the way it cooperated with the European Commission and with the European Parliament; this latter opinion seems to be particularly important in the institutional context of the Lisbon Treaty. Here, the “Meet the Presidency” initiative could help.

Furthermore, Poland effectively continued the new model of cooperation between the rotating presidency and the High Representative over foreign policy and security policy – that of a “supportive presidency.”<sup>22</sup> The model was initially tried out by the Belgian presidency in late 2010 and then continued by the Hungarians in early 2011. Under the Polish presidency, high-ranking Warsaw officials, such as foreign minister Radosław Sikorski and his deputy, European minister Mikołaj Dowgielewicz, effectively assisted the High Representative by representing her at various meetings with the EU’s global partners, for example at the cooperation Councils with Armenia and Azerbaijan.

In short, the Polish presidency undertook a series of steps important for the daily business of the European Union, and the Council in particular. It was faced with the challenge of the eurozone crisis and a deep split among its member states. It could not maintain the cohesion of the European Union, but warned its partners about the growing risks associated with the current situation. Perhaps it could do no more.

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<sup>22</sup> A. Gostyńska, D. Liszczyk, “‘Supporting Presidency’ – Poland at the halfway mark,” *EUobserver*, October 12, 2011. Available online: <http://euobserver.com/843/32194> [accessed on December 10, 2011].

Sabina Kajnič and Leonard Geyer

## **Cooperating below the top: comparison of pre- and post-Lisbon rotating presidencies' channels of cooperation in Brussels**

*Abstract: The article looks into channels of cooperation between the actors of the rotating presidency and those of the General Secretariat of the Council (GSC), the European Commission, the Council members and, for the post-Lisbon presidencies, the President of the European Council and the High Representative for Foreign Affairs and Security Policy, with an overall research question of how did the changes introduced by the Lisbon Treaty affect these channels? It looks into the evaluation of cooperation with regard to different elements of the role of the rotating presidency as well as into frequencies of the receipt of information on substantive questions and on the positions of other actors. The article is based on data from large-scale questionnaires answered by officials closely involved with the conduct of the presidency of four member states. Slovenia and Sweden served closely prior to entry into force of the Lisbon Treaty and Belgium and Hungary closely following it.*

One of the most visible and discussed changes introduced by the Lisbon Treaty concerns the introduction of a full-time president of the European Council (POTEC) and a High Representative for Foreign Affairs and Security Policy (the new High Representative, also HR/VP). These two new actors have each been

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entrusted with part of a role previously held by the rotating presidency of the Council of the European Union. At the same time the position of the President of the Commission was also strengthened. However, the rotating presidency, contrary to the views often expressed in the media and also within the expert community, still has a job to do and shoulders responsibility for the advancement of the work in the Council during its six-monthly term in office.

These changes were a response to the calls in the Laeken Declaration of 2001 for greater efficiency of the EU, greater coherence in its foreign policy as well as more effective setting of objectives and priorities in the EU.<sup>1</sup> Some of the new initiatives that directly answer these calls are the two-and-a-half year first mandate of the POTEK, the five-year term for the high representative (who is president/chair of the Foreign Affairs Council – FAC) and the 18-months programs of three consecutive presidencies. At the same time, however, the move from a “single presidency of the Council” (and European Council)<sup>2</sup> to “multiple presidencies” demands not only that these actors establish mechanisms for efficient and effective cooperation, but also that the “multiple” administrations underpinning their work have at their disposal channels for cooperation contributing to (ensuring) coherence and efficiency.

This article examines the channels of cooperation between the administrations/actors of the rotating presidency and those of other EU institutions, with an overall research question of how did the changes introduced by the Lisbon Treaty affect these channels? Not only are there new actors entering the networks of the presidency’s relations, but because duties are divided between the old and new actors (the “multiple presidencies”) this means that the appearance of these new actors with their responsibilities affects the long established relations between the presidency and their EU-level counterparts.

The article analyzes established channels of cooperation between the rotating presidency on one hand and the General Secretariat of the Council (GSC), the European Commission, and the Council members on the other. For the post-Lisbon analysis, the POTEK and the HR/VP are also included in the analysis.<sup>3</sup>

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<sup>1</sup> The “Laeken Declaration on the future of the European Union” was adopted by the European Council at its meeting in Laeken, Belgium on December 14–15, 2001. The Laeken agenda under the call for “/more democracy, transparency and efficiency in the European Union” included questions such as “How can authority and efficiency of the European Commission be enhanced?,” “How could the Union set its objectives and priorities more effectively and ensure better implementation,” “What of the future role and structure of the various Council formations,” “How should the coherence of European foreign policy be enhanced” and, last but not least, “What of the six-monthly rotation of the presidency of the Union?”

<sup>2</sup> Though *Council Guide. I. The presidency Handbook*, General Secretariat of the Council, February 2006, p. 13 states: “There is one presidency” and explains it as “[t]he counterpart of the single institutional framework” as laid down in the Treaty on European Union.

The article looks at the extent to which cooperation is successful with regard to the different elements of the tasks of the rotating presidency. In addition to the qualitative aspect, it also analyzes the frequency with which information is received on substantive questions and on the positions of other actors. The article is presidency-centered, meaning it only analyses the cooperation from the point of view of the presidency.

The article is based on data from large-scale questionnaires answered by diplomats and other public officials closely involved with the running the presidency of four member states. Two of the member states held the presidency just before the Lisbon Treaty entered into force (Slovenia and Sweden) and two just after (Belgium and Hungary). While we are interested in the differences in the pre- and post-Lisbon presidencies, we believe that not only did the two post-Lisbon presidencies preside over the Council within a new institutional set-up and with new (or residual) roles, but that the actual presidencies also differed. While Belgium was still in office at a time when the changes introduced by the Lisbon Treaty were ongoing, Hungary took up its post when most of the changes were already in place. All four states are similar in that they are rather small, but arguably differ in many other areas such as their membership experience, attitudes towards integration, the way they coordinated European affairs and the presidency; further, the objectives and the ambitions of the presidency are all aspects that prevent generalizations. In addition, the empirical data is based on the (self-)evaluations of the presidency actors themselves; although the studies in the four member states did not produce the same number of responses. However, building on previous research, as well as on information from semi-structured interviews conducted with the officials of all four presidencies, we will attempt to point to trends developing with regard to the channels of cooperation in the post-Lisbon network of "multiple presidencies."

Let us start by briefly explaining the changes brought about by the Lisbon Treaty, which affect not only the visible part of the "multiple presidencies" in the EU, but also the administrations operating within the institutions. Then we will create an analytical framework to analyze the channels of cooperation used by the actors. Before analyzing the data derived from the survey, we explain the methodology behind the survey and point out its limitations. The article

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<sup>3</sup> Our selection does not suggest that other actors are not relevant. As a matter of fact, the co-decision procedure (ordinary legislative procedure) has been extended to about 45 new policy areas suggesting that relations between the presidency and the European Parliament might be undergoing a quantitative as well as a qualitative change. In this article the authors only concentrate on the changes relating to the multiplication of the presidencies, i.e. the introduction of the two new posts and they therefore analyze relations among the above named actors whilst conducting Council/European Council business.

concludes by summing up the major findings and at the same time by proposing further research that could be conducted to challenge our findings.

## Multiple presidencies and multiple administrations

The Lisbon Treaty divided the duties that were formerly the responsibility of the presidency of the Council between three actors: the presidency remains in charge of the Council excluding the Foreign Affairs Council, whose presidency is now the concern of the new High Representative. The European Council presidency is presided over by the President of the European Council. The following section introduces these two new actors and their relations with the rotating presidency.

The president of the European Council – the role taken over by Herman Van Rompuy – is charged with chairing and driving forward the work of the European Council, ensuring that there is sufficient preparation and continuity. In addition, the president should endeavor to facilitate cohesion and consensus within the European Council on the basis of the work of the General Affairs Council (GAC) and present a report to the EP after each European Council meeting.<sup>4</sup> He should also “at his level and in that capacity, ensure the external representation of the Union on issues concerning its common foreign and security policy [...]”<sup>5</sup>

Much of this work was previously part of the role of the head of state or government of the member state holding the rotating presidency. But this role has now been reduced to merely reporting (in consultation with the POTEK) on the progress in the Council to the European Council. However, it is the GAC, presided over by the rotating presidency, which “shall prepare and ensure the follow-up to meetings of the European Council, in liaison with the President of the European Council and the Commission.”<sup>6</sup> The “chain of command” between the Council and the European Council has been broken, which means that both actors and their respective administrations have to work closely together to ensure coherence and continuity. The rules of Procedure of the European Council state that the president of the European Council should “establish close cooperation and coordination with the presidency of the Council and the President of the Commission, particularly by means of regular meetings.”<sup>7</sup>

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<sup>4</sup> See Article 15/6a-d of the “Consolidated version of the Treaty of the European Union,” *Official Journal of the European Union* C115/13, 2008.

<sup>5</sup> *Ibid.*

<sup>6</sup> *Ibid.*

<sup>7</sup> See Article 2/3 of the “Annex to European Council decision of 1 December 2009 adopting its Rules of procedure (2009/882/EU),” *Official Journal of the European Union* L315/51, 2009. Available online: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:315:0051:0055:EN:PDF> (accessed on December 12, 2011).

Catherine Ashton, who was nominated as the first HR/VP presides over the FAC which after Lisbon has its own configuration (i.e. it is no longer part of the GAC). She is also responsible for undertaking the Union's Common Foreign and Security Policy. She shares the right of initiative with the member states in CFSP and the Common Security and Defense Policy (CSDP) as she should "contribute through her proposals to the development of the CSFP."<sup>8</sup> She also represents the Union externally at "her level and capacity", meaning at the level of the minister of foreign affairs, on matters relating to CFSP by conducting political dialogue with third parties and expressing the Union's position in international organizations and at conferences.<sup>9</sup> Moreover, she is charged with

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*The new High Representative takes over almost the entire role of the presidency in the area of foreign policy.*

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organizing the coordination of the Union's position in international organizations and at conferences.<sup>10</sup> Finally as one of the "Vice-Presidents of the Commission," she "ensures the consistency of the Union's external action." She is "responsible within the Commission for responsibilities incumbent on it in external relations and for coordinating other aspects of the Union's external action."<sup>11</sup>

The new High Representative takes over almost the entire role of the presidency in the area of foreign policy. The remaining role of the presidency consists of the chairmanship of a number of working parties in the Council dealing with trade and development issues as well as those dealing with horizontal CFSP issues, all of which feed into the Foreign Affairs Council.<sup>12</sup> The rotating presidency's foreign minister (or indeed one of the trio presidencies<sup>13</sup>) may be deputized by the High Representative to establish political dialogue with third countries or to represent her before the EP. In countries where the EU does not have an EU delegation but there is an embassy of the presidency, it is the presidency that holds the so-called "local presidency," i.e. chairs the coordinating meetings of heads of missions and other diplomats, and represents the EU in that third country. In order to ensure coherence of

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<sup>8</sup> See Article 18/2 and Article 18/3 of the "Consolidated version of the Treaty of the European Union," *op. cit.*

<sup>9</sup> See Article 27/2, *Ibid.*

<sup>10</sup> Article 34/1, *Ibid.*

<sup>11</sup> See Article 18/4, *ibid.* See also General Secretariat of the Council of the EU, The High Representative for Foreign Affairs and Security Policy/The European External Actions Service, "Factsheets," November 2009. Available online: <http://www.consilium.europa.eu/showPage.aspx?id=1296&lang=en> (accessed on December 12, 2011).

external action, there needs to be cooperation between the administrations of the presidency, Catherine Ashton's cabinet (and the European External Action Service – EEAS<sup>14</sup>), as well as other institutions.

The next section provides an analytical breakdown of the cooperation between these three “presidencies” as well as other actors, in order to provide a framework for analyzing the changes following the implementation of the Lisbon Treaty.

## Channels of cooperation

The Presidency of the Council is widely seen to carry out the following tasks:<sup>15</sup> managing the Council, producing political initiatives, brokering packages, liaising with other Union institutions and representing the Union externally. In order to perform these tasks the administration in the capital and officials in the Permanent Representation in Brussels cooperate both with officials and politicians from the EU institutions and with the representatives of the member states.

We distinguish between following types of cooperation:

- a. for the purposes of agenda-setting;
- b. receipt of substantive information on the issue;
- c. information on the positions of other actors;
- d. information on procedures and

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<sup>12</sup> “Council Decision of 1 December 2009 laying down measures for the implementation of the European Council Decision on the exercise of the presidency of the Council, (2009/908/EU),” *Official Journal of the European Union*, L322/28, 2009. Available online: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:322:0028:0034:EN:PDF> [accessed on December 12, 2011].

<sup>13</sup> “Declaration by the High Representative on political accountability,” point 6; attached to “Council Decision of 26 July 2010 establishing the organization and functioning of the European External Action Service (2010/427/EU),” *Official Journal of the European Union*, L 201/30, 2010. Available online: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:201:0030:0040:EN:PDF> [accessed on December 11, 2011]. The trio presidency is formed by three consecutive presidencies, which work on the basis of a joint 18-month program for the work of the Council.

<sup>14</sup> EEAS is the service supporting the work of the high representative (as well as the president of the European Council in exercising his role externally). It was established by a Council decision. It became operational on January 1, 2011. However, it was gradually set up in the first half of 2011, which is why it was deemed better to ask the Hungarian officials about cooperation with the cabinet of the high representative rather than with the fledgling EEAS.

<sup>15</sup> H. Wallace, G. Edwards, “European community. The evolving role of the presidency of the Council,” *International Affairs* Vol. 53, No. 4, 1976, pp. 535–50.

- e. in managing the dossier; including the use of strategy and negotiating techniques.<sup>16</sup>

These five types of cooperation extend across preparation time and office time and they cut across the above-mentioned tasks performed by the presidency and they take place (necessarily) irrespective of the changes to the responsibilities of the pre- and post-Lisbon rotating presidencies.

This paper focuses on the changes to these types of cooperation resulting from the emergence of the “multiple presidencies” and it therefore concentrates on cooperation between the GSC, the Commission, the new High Representative and the POTEK, as well as Council members, i.e. the representatives of the member states.

The presidencies’ work on the agenda starts with the screening process in the preparation for the 18-month program. It then moves to the more concrete task of drawing up of draft Council meeting agendas – these need to be prepared at least one week prior to the presidency taking up office –, and finally the provisional agendas – to be drawn up 14 days before the meeting of the Council.<sup>17</sup> Though presidencies have some leeway in placing issues on the agenda, prioritizing (or de-prioritizing) dossiers or even excluding (or postponing) them,<sup>18</sup> the major part of the agenda is ‘inherited’ and presidencies engage with other actors in order to win support for the prioritized dossiers. The Council GSC serves the presidency. With the presidency changing every six months, the GSC is the institutional memory of the Council as well as its legal advisor. While the GSC is impartial,<sup>19</sup> other actors have their own interests with regard to the agenda. The Commission works according to its own work program; it is closely

<sup>16</sup> S. Kajnč, “Channels of cooperation: a case study of Slovenian presidency of the EU,” *EPIN Working Paper*, February 21, 2009. Available online: [http://shop.ceps.eu/BookDetail.php?item\\_id=1788](http://shop.ceps.eu/BookDetail.php?item_id=1788) (accessed on September 8, 2011).

<sup>17</sup> See Article 3(2) of the Annex to “Council Decision of 1 December 2009 adopting the Council’s Rules of Procedure (2009/937/EU),” *Official Journal of the European Union* L325/35, 2009. Available online: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:325:0035:0061:en:PDF> (accessed on December 12, 2011).

<sup>18</sup> Cf. J. Tallberg, “The agenda-shaping powers of the EU Council presidency,” *Journal of European Public Policy* Vol. 10, No. 1, 2003, pp. 1–19; J. Tallberg, “The power of the presidency: brokerage, efficiency and distribution in EU negotiations,” *Journal of Common Market Studies*, 42(5), 2004, pp. 999–1022; J. Schalk, R. Torenvlied, J. Weesie, F. Stockman, “The Power of the presidency in EU Council decision-making,” *European Union Politics* Vol. 8, No. 2, 2007, pp. 229–50; R. Thomson, “The Council presidency in the European Union,” *Journal of Common Market Studies* Vol. 46, No. 3, 2008, pp. 593–618.

<sup>19</sup> The impartiality of the GSC is laid out in their mission statement. Christiansen (2006), Beach (2004; for the big bang negotiations – intergovernmental conferences) and Dijkstra (for common foreign and security policy) showed that this norm is being challenged, especially in the area of common foreign and security policy.

involved in drawing up the 18-month program<sup>20</sup> and the presidencies liaise with it when setting the draft and provisional agendas for the Council meetings as well as for the working parties. The Commission or any Council member may request the inclusion of an item on the agenda of the Council meeting.<sup>21</sup> In order for the Council to function smoothly, cooperation between the proponents and the presidency ensures that the dossiers have been sufficiently prepared for presentation to the Council.

The pre-Lisbon presidency had a relatively free hand in formulating the program and the agendas relating to foreign policy. The agendas of the General Affairs and External Relations Council (GAERC) consisted of a handful of regularly-occurring topics on “external relations,” current international affairs and the presidency’s priorities. According to the Rules of Procedure of the Council, the HR/VP provides the input for the 18-month program for the FAC,<sup>22</sup> and beyond that, it is also her responsibility to manage the FAC. Given the aforementioned overlap between the chairs of the working groups as well as the fact that COREPER 2, chaired by the permanent representative of the presidency, still prepares the meetings of the FAC,<sup>23</sup> the rotating presidency and the HR/VP need to work closely on the agenda. Even more so in situations such as in the case of the Belgian presidency, which in the absence of the EEAS worked on behalf of the High Representative, including chairing the Council working parties and the Political and Security Committee. The situation was different during the Hungarian presidency. The EEAS was gradually in place, but the *zig-zag* of responsibilities between the presidency and the EEAS still requires cooperation. This new situation has the potential to change other patterns of cooperation. First, in the transition phase there was some confusion over the division of tasks inside the GSC and between the GSC and the EEAS, but foremost, with parts of the Commission and the GSC moving to the EEAS, the expertise was moved to the EEAS, thus leaving both the GSC and the Commission challenged. The dynamics

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<sup>20</sup> See Article 2/6 of the Annex to “Council Decision of 1 December 2009 adopting the Council’s Rules of Procedure (2009/937/EU),” *op. cit.*

<sup>21</sup> *Ibid.*

<sup>22</sup> This was naturally missing in the Belgian case. The Belgian presidency, which worked on behalf of Catherine Ashton in the absence of a service to support her, was expecting to receive a programmatic input for their work prior to taking up the presidency. There was no such input (*cf.* Interview with BE foreign minister Vanackere in *Le Soir*; “Steven Vanackere critique Catherine Ashton,” *Le Soir*, May 4, 2011. Available online: <http://www.lesoir.be/actualite/monde/2011-05-04/steven-vanackere-critique-catherine-ashton-838062.php> [accessed on December 12, 2011]).

<sup>23</sup> There is a “gentlemen’s agreement” between the Political and Security Committee (PSC) and COREPER, whereby the latter does not open the dossiers which the member states’ representatives agreed on in the PSC.

along the hierarchy of meetings also changes the relationship between the presidency and the Commission and the other member states. At the working party level, the Commission sits either opposite the presidency or the EEAS and establishes the working relations accordingly. Similarly, the presidency chairs the meetings in some cases, whereas in others chairmanship is in the hands of the EEAS actors. The transfer of personnel and these dynamics affect other types of cooperation as well (and this is addressed below).

The situation with the POTEK is different in the sense that there is a clear hierarchy (rather than a *zig-zag* image of responsibilities as in the case of the HR/VP), a far smaller scope of cooperation (e.g. there were three and four meetings of the European Council during the Belgian and Hungarian presidencies respectively) and it is also dealt with in the Rules of Procedure of the European Council. There is also less potential for it to affect relations with other actors. The POTEK submits an annotated draft agenda “in close cooperation with the member of the European Council representing the member state holding the six-monthly presidency and with the President of the Commission.”<sup>24</sup> It is the General Affairs Council, presided over by the rotating presidency, which “prepares and ensures the follow-up to meetings of the EC, in liaison with the President of the European Council and the Commission.”<sup>25</sup> Furthermore, the European Council’s Rules of Procedure place the responsibility upon the POTEK to “establish close cooperation and coordination with the presidency of the Council and the President of the Commission, particularly by means of regular meetings.”<sup>26</sup> While the Spanish presidency from the beginning of 2010, immediately after Herman Van Rompuy took up office, was transitional and not always confusion-free,<sup>27</sup> the *modus operandi* of the two institutions was consolidated during the Belgian presidency.<sup>28</sup> The nature of the Belgian presidency and the fact that Herman Van Rompuy is a Belgian national, a former prime minister and from the same political party as the serving prime minister created a favorable environment for it.<sup>29</sup>

<sup>24</sup> See Article 3/1 of the “Annex to European Council Decision of 1 December 2009 adopting its Rules of Procedure (2009/882/EU),” *op. cit.*

<sup>25</sup> See Article 2, *Ibid.*

<sup>26</sup> *Ibid.*

<sup>27</sup> The most infamous “incident” concerned the question of who would host the EU–US summit, Herman Van Rompuy in Brussels or Rodriguez Zapatero in Spain. Eventually, President Barack Obama cancelled his attendance at the summit.

<sup>28</sup> S. Kajnič, T. Jans, A. Courtier, “The Belgian presidency and the new leadership architecture under Lisbon,” in S. Van Hecke, P. Bursens, *Readjusting the Council presidency: Belgian leadership in the EU*. Brussels: ASP, forthcoming.

<sup>29</sup> S. Bunse, Y-S. Rittelmeyer, S. Van Hecker, “The rotating presidency under the Lisbon Treaty: from political leader to middle manager,” in S. Van Hecke, P. Bursens, *op. cit.*, p. 4.

In order to be able to drive forward the negotiations and to bring the stakeholders to a negotiated agreement, the presidency needs to find a compromise solution. It needs to understand the issue at hand, the stakeholders' positions as well as the reasons behind them.<sup>30</sup> The right of initiative is vested in the Commission, which is why it is most knowledgeable on the substance of the dossiers. In preparing the new initiative, the Commission consults the stakeholders and therefore has the background knowledge on the member states' positions as well. The GSC provides an institutional memory; often the official working on a dossier has dealt with it for many years and also has good relations with her/his counterpart in the Commission, and is therefore also in a position to provide information on the issue at hand, but even more to provide information on the positions of the member states. The GSC has a memory and a record of past Council deliberations, at all levels, which includes member states' positions on the same or cases similar to the one in question. Member states' diplomats are a natural source of information with regard to their own country's issues and positions. Those who are based in Brussels and hold regular half-day or day-long meetings tend to develop a strongly collaborative working attitude aimed at achieving results. However, they are still member-states' representatives, guarding their positions as an asset in the negotiating procedure.

The HR/VP shares the initiative with the member states and she is the chair of the Foreign Affairs Council. In this respect her position is not that advantageous in comparison with the Commission with regard to knowledge on substance or positions. This is, however, at least for 2010–2011, of secondary importance, given the lack of appropriate staffing. During the Belgian presidency in the second half of 2010 the HR/VP received support from a small team in her private office. As the Hungarian presidency progressed in the first half of 2011, most EEAS structures and personnel were in place. The changes relating to the chairmanship affect the quantity and quality of cooperation on substance as well as on positions. The relationship between the presidency and the HR/VP are not immediately clear. Belgium worked on behalf of the HR/VP, but at the same time it was one of the stakeholders. Similarly, as in the case of cooperation for agenda-setting purposes, the Commission and the GSC are disadvantaged in the post-Lisbon situation, not only due to a shift in competence in favor of the EEAS, but especially due to the transfer of staff.

Unlike the previous chairs of the European Council, Herman van Rompuy is a full-time POTEC, (i.e. he is not running the government of a member state) and

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<sup>30</sup> D. Metcalfe, "Leadership in the European Union negotiations: the presidency of the Council," *International Negotiation* Vol. 3, 1998, pp. 413–34.

in his first year he defined his role as that of “facilitator,” preparing the grounds and brokering compromise among the member states.<sup>31</sup> His official calendar confirms that he is extremely active in ascertaining the viewpoints, concerns and positions of all the member states. He is supported by his own small private office and the GSC, just as the rotating presidency. This suggests that there are two information channels, on substance and on positions between the POTEK and the presidency: a direct one, via the private office of Herman van Rompuy and the Permanent Representative of the presidency, and an indirect one, via the GSC. While he needs to be privy to the positions held by all the actors for a better chance of successful negotiations (just like the presidency at its own level), the fact that the General Affairs Council, chaired by the presidency, prepares and ensures the follow up to the European Council meetings, suggest that there should be a lively information flow with regard to the substance of the dossiers. At the same time, considering the fact that the institution of the POTEK is new, the information channels probably took some time to be established. The same holds true in the case of the HR/VP.

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*The relationship between the presidency and the High Representative for Foreign Affairs and Security Policy are not immediately clear.*

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The GSC is the actor best suited to working most closely with the presidency on procedures.<sup>32</sup> This is its basic task – it is experienced and it is physically close to the presidency during the meetings (it sits to the left of the chair), and they also meet, possibly but not necessarily together with the Commission’s representative immediately prior to the meeting of a working party and higher up in the Council hierarchy. Despite this full backing by the GSC with regard to the procedures, the presidency may seek, or receive without asking, advice on the procedures from the other actors. By virtue of its institutional placement, the GSC is inevitably a more conservative actor. Other member states, having been in the chair or having taken part in numerous meetings, may have additional

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<sup>31</sup> Speech by President Van Rompuy in the European Parliament on April 7, 2010, presenting the Conclusions of the March 25–26, 2010 European Council meeting. Available online: <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+CRE+20100407+ITEM-004+DOC+XML+VO//EN> (accessed on December 11, 2011).

<sup>32</sup> S. Vanhoonaeker, T. Christiansen “At a critical juncture? Change and continuity in the institutional development of the Council Secretariat,” *West European Politics* Vol. 31, No. 4, 2008, pp. 751–70.

advice, especially with regard to what is possible outside the meeting room. The Commission, is similar in that respect, but adds value since it also pays the greatest attention to the institutional balance and therefore the interests of the European Parliament (when the latter is involved in decision-making).<sup>33</sup>

As is the case when liaising on information, the newly set up institutions of POTEK and HR/VP may be expected to undergo the consolidation of the procedures and not yet be in a position to offer best advice. At the same time, the GSC is better placed to take over this role from the POTEK and the EEAS from HR/VP.

The use of procedures, however, affects the last type of cooperation – managing the dossier, including the use of strategy and negotiating techniques. The (creative) use of procedures can be part of a strategy. An official of the GSC might advise the chair on how to use the Council's rules of procedure, but also beyond that might advise on the general management of the dossier, questions of timing, how to search for coalitions, framing the compromise proposals, presenting the issues, etc., though this depends on the personality, experience and ambition of the official.<sup>34</sup> This also holds true for the Commission's representatives, whereas the position of the Commission vis-à-vis an emerging or apparent consensus in the Council will affect the nature of its cooperation with the presidency. Member states' officials are best suited to provide advice on strategy and negotiation techniques. They themselves are diplomats and trained to negotiate (unlike the GSC or Commission officials), but like the Commission they also have their own interests. The parallel position of the chairmanship, which suggests that the rotating presidency is just another stakeholder like the others around the table, also suggests that POTEK and HR/VP (both chairs) are not best placed for liaising on how to manage dossiers, including the negotiating strategy.

Thus far the article has discussed five types of cooperation between the presidency and the five actors by taking into account their institutional rationale and the procedures officially governing the relations, as well as the fact that the two new institutions were still in the process of transition and consolidation. The quantity and quality of the cooperation also depends on many factors on the side of the presidency. The amount of experience a member state has had in the EU (it was the first presidency for Slovenia and Hungary, the second for Sweden and the twelfth for Belgium), attitudes towards integration (Slovenia and Belgium may be judged more pro-integrationist than Hungary and

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<sup>33</sup> To act as guardian of the treaties is one of the responsibilities of the Commission. See Article 17/1 of the "Consolidated version of the Treaty of the European Union," *op. cit.*

<sup>34</sup> S. Vanhoonacker, T. Christiansen, *op. cit.*

Sweden), the way coordination of European affairs is organized and especially for the purposes of the presidency (primarily this is about the division of labor and responsibility between the government in the capital and the permanent representation in Brussels), the general as well as policy specific goals of the respective presidencies (is the presidency aiming to be a good organizer, a broker or a transformative presidency),<sup>35</sup> are all independent variables that make it difficult to generalize on the interpretation of the results. While attempting to set out hypotheses to account for these differences is beyond the scope of this paper, these variables are taken into consideration in the interpretation of the results.

The framework for the analysis thus includes the five types of cooperation, the five actors and the presidency. Since the HR/VP occupies a special institutional position, cooperation in the area of foreign policy is examined separately.

## **Analysis: frequency and success of cooperation**

### ***Methodology***

The analysis is based on the results of four surveys carried out among public officials directly involved in the exercise of the 2008 Slovenian, 2009 Swedish, 2010 Belgian and 2011 Hungarian presidencies of the Council. The surveys were distributed electronically once the term of the respective presidency had come to an end. The questionnaire distributed among Slovenian officials comprised 40 closed-type questions. It was sent through internal email distribution lists to a total of 667 Slovenian officials on July 9, 2008. By September 4, 2008 when the survey ended, the total number of responses was 407 out of which 209 were complete. The questionnaire used in the Swedish case was shortened to 32 closed-type questions. In this particular case, the questionnaire was distributed only within the Swedish ministry of foreign affairs.<sup>36</sup> From April 9, 2010 until end of June 2010 an estimated total of 300 surveys was distributed of which 125 were returned completed. The questionnaires used for Belgium and Hungary were identical to the questionnaire used in the Swedish case except that they included four additional questions on the frequency and success of cooperation

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<sup>35</sup> These three categories are identified by Vanhoonacker and Schout. See S. Vanhoonacker, A. Schout, "Evaluating presidencies of the Council of the EU. Revisiting Nice," *Journal of Common Market Studies* Vol. 44, No. 5, 2006, pp. 1051–77.

<sup>36</sup> A full report on the Swedish survey can be found in: E. Brattberg, M. Rhinard, S. Kajnč, "Bridging turbulent times: a survey report on the 2009 Swedish presidency of the European Union," *The Swedish Institute of International Relations, UI Occasional Paper*, No 6. Available online: <http://www.ui.se/eng/nyheter/current-research/ui-occasional-paper-6-bridging-turbulent-times.aspx> [accessed on December 12, 2011].

with the HR/VP and the POTEK. The survey of Belgian officials was carried out from April 4 until July 20, 2011 on the officials of Flanders, Walloon and the French Community, the Brussels Capital Region and the Belgian Federal Government. Of the approximately 300 officials approached, 141 returned complete surveys.<sup>37</sup> In Hungary the survey was launched on August 24, 2011 and continued until September 30, 2011 and 1,030 officials were invited to take part, of whom 166 responded.

Table 1 shows a breakdown of the respondents according to the positions they held during their country's presidency.<sup>38</sup>

**Table 1.** Distribution of respondents according to hierarchy in public service

	Slovenia		Sweden		Belgium		Hungary	
	N	%	N	%	N	%	N	%
minister, state secretaries	1	0.6	2	1.7	1	0.8	1	0.6
political advisor			3	2.6	18	13.5	1	0.6
senior advisor			12	10.3	16	12	12	7.3
director	38	21.3	15	12.8	18	13.5	2	1.2
deputy director			31	26.5	4	3	5	3
head of division/ department	36	20.2	6	5.1	16	12	29	17.6
diplomat in the permanent representation in Brussels	35	19.7	14	12	21	15.8	18	10.9
desk officer/analyst	68	38.2	34	29.1	39	29.3	97	58.8
Sum	178	100	117	100	133	100	165	100

To account for varying Capital/Permanent Representation ratios between the samples, the ratios were normalized to 80:20 for all countries, which is roughly equal to the ratio reported in the survey on the Slovenian presidency

<sup>37</sup> In Belgium the survey was carried out independently through the four administrations. The guiding principle for choosing the participants was approximately 20 officials per Council configuration in addition to about 30 officials in each of the sub-federal level administrations.

<sup>38</sup> To ensure comparability across samples, respondents working in the Diplomatic and Consular Services are not listed in this table nor are they included in the analysis due to the variation in distribution (31 in Slovenia, eight in both Belgium and Sweden, only one in Hungary).

and only differs more in comparison to the Swedish sample. The full sample means used in the analysis were calculated according to the following formula:

$$\text{mean full sample} = 0.8 * \text{mean Capital} + 0.2 * \text{mean PermRep}$$

Table 2 shows the distribution of respondents across policy fields. It needs to be pointed out that respondents were able to indicate more than one field which means that the percentages do not add up to 100. The high percentages in many policy fields in the Swedish case can be attributed to the often coordinative work of Swedish foreign ministry officials.

Despite the differences in the length of the questionnaires used, the questions relevant to this paper's analysis are identical in all four surveys apart from the additional questions for the post-Lisbon presidencies of Belgium and Hungary. The dependent variables are the *frequency* of cooperation between European level actors on obtaining substantive information on issues and on the position of other actors on issues and the *success* of cooperation with European actors in agenda-setting, obtaining information on the substance of an issue, obtaining information on the position of other actors, obtaining information on procedural questions and the use of strategy and negotiation tactics.

Concerning the frequency of cooperation, the possible answers were "never," "periodically" and "regularly." Respondents were asked to indicate the frequency of cooperation for the following actors: the GSC, the Commission, the European Parliament, their own public administration (with the exception of the Permanent Representation in Brussels), the Permanent Representation in Brussels, their own diplomatic and consular representations, the diplomatic and consular representations of member states of the EU, the diplomatic and consular representations of third countries, and other international organizations. The Slovenian questionnaire further included "seconded personnel at the ministries" while for the three succeeding presidencies, the actor "interest groups, non-governmental organizations" was added. Further, the surveys on the post-Lisbon presidencies of Belgium and Hungary explicitly mentioned "the cabinet of the High Representative of the Union for Foreign Affairs and Security Policy" and "the cabinet of the President of the European Council as actors." For the purpose of this article, only the responses on the GSC, the Commission, the diplomatic and consular representations of member states of the EU and the two new actors were analyzed.

Success of cooperation on the above mentioned aspects was measured on a five-point scale, with five being the highest (excellent) and one the lowest (poor). In the Slovenian and Swedish cases, respondents were asked to rate

**Table 2.** Representation across policy fields

	<b>Slovenia</b>		<b>Sweden</b>		<b>Belgium</b>		<b>Hungary</b>	
	<b>N</b>	<b>%</b>	<b>N</b>	<b>%</b>	<b>N</b>	<b>%</b>	<b>N</b>	<b>%</b>
foreign and security policies, external relations	51	28.7	15	12.8	25	18.8	11	6.7
enlargement	10	5.6	5	4.3	5	3.8	4	2.4
development cooperation and humanitarian aid, human rights	17	9.6	4	3.4	7	5.3	4	2.4
economic and monetary issues	13	7.3	8	6.3	10	7.5	12	7.3
agriculture and fishery	29	16.3	29	24.8	7	5.3	23	13.9
institutional affairs, budget, taxation	8	4.5	6	5.1	12	9	14	8.5
research, innovation, information society	12	6.7	13	11.1	9	6.8	8	4.8
energy	13	7.3	7	6	7	5.3	4	2.4
environment	20	11.2	24	20.5	23	17.3	18	10.9
education, training, youth employment and social affairs	13	7.3	20	17.1	11	8.3	19	11.5
justice and home affairs	36	20.2	33	28.2	34	25.6	29	17.6
internal market, competition, consumer protection, enterprises	22	12.4	21	17.9	5	3.8	11	6.7
transport maritime affairs	7	3.9	7	6	4	3	7	4.2
regional policies	2	1.1	9	7.7	13	9.8	7	4.2
external trade, customs	11	6.2	5	4.3	5	3.8	4	2.4
public health, food safety	16	9	13	11.1	5	3.8	15	9.1
culture, audiovisual and media	5	2.8	6	5.1	17	12.8	5	3

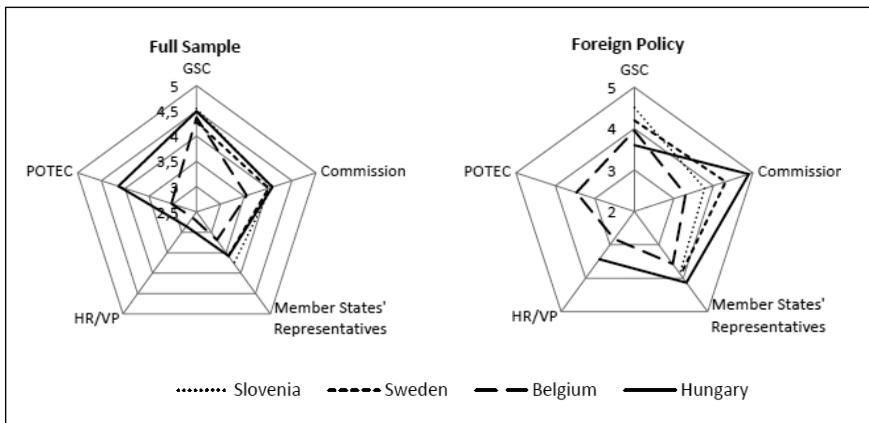
the success of cooperation with representatives of the Commission, the GSC and nationals of other member states. In the Belgian and Hungarian cases, respondents were also asked about the success of cooperation with (members of) the cabinet of the High Representative of the Union for Foreign Affairs and Security Policy and with (members of) the cabinet of the President of the European Council.

### Analyzing the channels

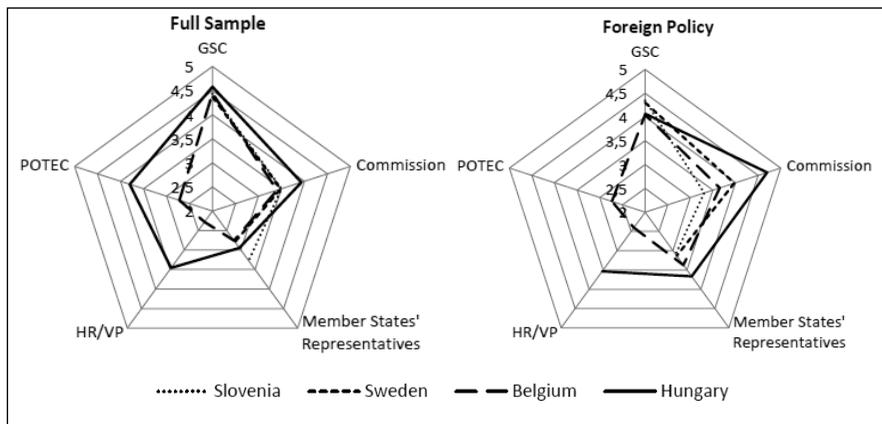
The analyzed data allows us to compare countries, institutions and types of cooperation for the full sample, i.e. across all policy areas, and specifically foreign policy, i.e. taking into consideration only those officials who indicated in the questionnaire that they worked in the area of foreign policy. In the analysis, the focus is primarily on changes between the two pre-Lisbon presidencies and the two post-Lisbon presidencies; we are, however, aware that the fact that the Lisbon Treaty is now in force and that the institutions have been set up is not the only possible explanation for change. We first analyze the agenda-setting, procedural advice as well as the advice on managing the dossier and then proceed to the two information-based types (on substance and on positions), where the quantity of the information received and the perceived quality of the cooperation are analyzed.

Data on the entire sample show the cooperation with the GSC to be most stable; officials from all four countries differ minimally in evaluating the success of cooperation with the GSC (Figures 1–5, left hand side) (and also the frequencies; Tables 3 and 4). In addition, in terms of the absolute rate, the success of cooperation with the GSC is rated highest for all types of cooperation across all the policies, with the highest success rate for cooperation with regard to procedures, which is the primary task of GSC personnel (Figure 2). This is not surprising. The GSC is there to serve the presidency. The Commission comes a close second, while for the other three actors (representatives of the member states, the POTEK and HR/VP cabinets) the range of evaluations

**Figure 1.** Success of cooperation: agenda-setting



**Figure 2.** Success of cooperation: obtaining information on procedural questions

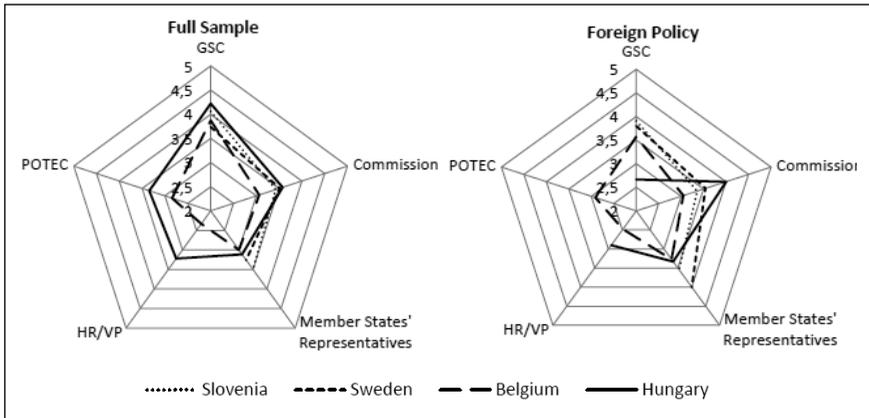


on the success of cooperation is much wider across the data from all four countries.

Where only foreign policy respondents from the four member states are concerned cooperation with the GSC and especially with the Commission was also graded very differently by the respondents of the surveys (Figures 1–5, right hand side). While the Hungarian officials working on foreign policy rated their cooperation with the Commission as most successful (in comparison to cooperation with other actors; however, the absolute numbers are the highest across all data), the data for their Belgian counterparts show almost the opposite. One possible explanation lies in the fact that the research was conducted during the turbulent consolidation period in the case of the Belgian presidency and at the beginning of stabilized relations during the Hungarian presidency. At the same time the Commission might have been extremely active and supportive in the face of “competition” by the EEAS. It is, however, also possible that due to the *en masse* transfer of DG Relex staff to EEAS the respondents may have in fact evaluated their cooperation with the EEAS.<sup>39</sup> Moreover, the otherwise consistent perception of the cooperation with the GSC shows significant change in the pre- and post-Lisbon presidencies in the area of foreign policy, but especially between the last two presidencies studied in this article. The Hungarian officials rated the success of cooperation with the GSC

<sup>39</sup> A point brought up by an interviewee (Interview, Brussels, January 9, 2012).

**Figure 3.** Success of cooperation: managing the dossier including use of strategies



on what were otherwise the strongest types of cooperation – agenda-setting, procedural advice and advice on the management of the dossiers – significantly lower than their Belgian counterparts did (Figures 1, 2 and 3). This change is in line with the shift of competences – the Hungarian presidency no longer worked on behalf of the HR/VP and was much less involved in foreign-policy making than the Belgian presidency. Consequently it worked less closely with the GSC, whose personnel were transferred, at that time, to the EEAS and thus it cooperated with the HR/VP.

While cooperation with member states' representatives is not perceived very differently across all the policy areas (though Slovenian officials consistently reported better cooperation in agenda-setting, on procedural questions and also with regard to obtaining both types of information – a phenomenon which might be explained by Slovenia being the first member state from the 2004/2007 enlargement wave to preside over the Council and thus it sought and received a great deal of assistance from everyone),<sup>40</sup> we note a much higher rate of satisfaction in both post-Lisbon presidencies (agenda-setting being an exception in the case of Belgian officials). These rates of success are also higher than for the full sample in absolute terms (Figures 1–5; right hand side), which confirms a more “intergovernmental” nature of policy-making in foreign policy in general.

<sup>40</sup> Cf. S. Kajnč, 2009, op. cit.

There are stark differences in the rate of success of cooperation between the cabinets of the POTEK and the HR/VP and the two post-Lisbon presidencies with regard to all types of cooperation, across all policy areas as well as in foreign policy specifically (Figures 1–5). At the same time in absolute terms all the data show a very low level of success (as evaluated), with Hungarian officials admittedly being far less critical of both new actors (Figures 1–5). It is worth pointing out that the perceived levels of success in cooperation with the POTEK are statistically significant between Belgium and Hungary with respect to agenda-setting, the receipt of information on issues as well as the receipt of information on procedural questions.<sup>41</sup> While the data might be surprising especially in the case of the POTEK cabinet, they suggest that the consolidation of the institution, procedures and practices is at least as, if not more, important than the (alleged) closeness of the President to the presidency. On the other hand, the need for impartiality on behalf of the POTEK in order to succeed as facilitator also suggests a need for a very carefully balanced relationship.

The results on the frequency and the evaluated success of information received on the substance of issues and the positions of the actors reveal a number of constants, but also some changes. The most visible constant is the frequency with which information is received from the Commission across all policy areas (see Table 3). In terms of the GSC, the frequency varies more, but is comparably as high as that of the Commission (Table 3). The data for Slovenia and Sweden stand out somewhat and are consistent with the frequency of information received on the positions of other actors (higher for Slovenian, followed by Hungarian, then Belgian officials and much lower for the Swedish officials; see Table 4). Data on the success of cooperation show that the Slovenian officials worked extremely well with the GSC and on the quality of the information on the issues. Their evaluation is in line with that of the Hungarian officials, while Swedish officials are more critical (see Figure 4). One possible explanation for the more positive evaluations by the Slovenian and Hungarian officials on receiving information from the GSC might be (as already mentioned above in relation to cooperation with representatives of the member states) the fact that it was the first time either had held the presidency and both were forced to deal with a wide range of issues that, in addition, lie beyond their national interests. In such cases, they welcomed the information from the neutral GSC, both on substance and positions. Their evaluation of the information on positions,

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<sup>41</sup> We used the Mann-Whitney U to test for significance between the mean levels of perceived success. The perceived success rates for the full sample for Belgium and Hungary are significantly different with an exact 2-tailed significance level of 0.033, 0.021 and 0.029 for cooperation on agenda-setting, the receipt of substantive information on issues and the receipt of information on procedural questions respectively.

however, matches those of the other two member states (see Figure 5). There is more variation among the four member states in relation to other national representatives. Overall the frequency with which both types of information was received (on substance and on issues) is much lower than in case of the GSC or the Commission. Belgium stands out by having more frequent contact, but its evaluations on this match those of the other three member states (see Figures 4 and 5). The higher frequency with which Belgian officials received information can be explained by the specific geographical position of Belgium. By virtue of its permanent physical presence in Brussels, it may have more contact.

Once again, the data for the two new actors show that they are in a completely different position. The frequency with which information is received from the cabinet of the POTEK, both on substance and positions, is extremely low, with “never” being close to 80 per cent across all policy areas (Tables 3 and 4), though there is slightly more contact evident in the case of Hungarian officials and substantive information (Table 3). However, Hungarian officials evaluated their success in obtaining this information on the issues far higher the Belgian officials did (Figure 4). The same holds true for information on the positions of other actors, though overall they are evaluated lower than for example in the case of Commission (Figure 5). Again, as above for the other three types of

**Table 3.** Frequency of receiving substantive information on issues

	Never				Periodically				Regularly			
	SI	SE	BE	HU	SI	SE	BE	HU	SI	SE	BE	HU
<b>CSG</b>												
full sample	9.7	6.8	11.3	7.0	13.1	30.8	19.0	24.4	77.2	62.5	69.7	68.6
foreign policy	6.9	21.3	7.6	0.0	14.9	24.0	30.5	38.7	78.2	54.7	61.9	61.3
<b>Commission</b>												
full sample	8.5	6.5	5.4	6.2	31.2	33.4	31.7	33.7	60.3	60.1	62.9	60.0
foreign policy	18.5	20.6	12.0	22.7	26.8	28.5	40.0	16.0	54.7	50.9	48.0	61.3
<b>Member states</b>												
full sample	59.3	53.4	31.5	51.8	32.7	43.3	56.1	43.7	8.1	3.3	12.4	4.5
foreign policy	35.1	16.0	28.0	13.3	50.9	69.3	54.0	86.7	13.9	14.7	18.0	0.0
<b>HR/FP</b>												
full sample			78.0	74.2			17.6	18.1			4.5	7.7
foreign policy			40.0	6.7			40.0	13.3			20.0	80.0
<b>POTEK</b>												
full sample			77.1	70.0			17.5	25.7			5.5	4.3
foreign policy			54.0	36.0			28.0	64.0			18.0	0.0

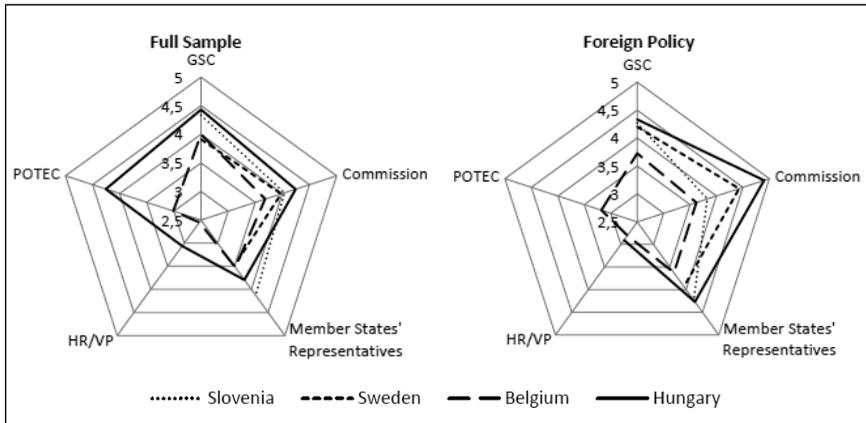
**Table 4.** Frequency of receiving information on the position of other actors

	Never				Periodically				Regularly			
	SI	SE	BE	HU	SI	SE	BE	HU	SI	SE	BE	HU
<b>CSG</b>												
full sample	15.5	26.3	21.3	18.9	28.2	32.8	26.0	32.1	56.3	40.9	52.7	49.0
foreign policy	14.1	14.6	16.0	64.0	32.2	49.7	46.0	6.7	53.8	35.8	38.0	29.3
<b>Commission</b>												
full sample	18.6	25.6	13.4	17.7	43.0	40.0	43.8	39.2	38.4	34.4	42.9	43.1
foreign policy	33.4	27.9	20.0	54.7	36.1	35.8	56.0	32.0	30.4	36.4	24.0	13.3
<b>Member states</b>												
full sample	64.7	58.5	38.7	57.4	29.5	39.1	45.7	38.0	5.8	2.3	15.6	4.6
foreign policy	53.1	36.0	21.0	13.3	40.0	64.0	64.7	80.0	6.9	0.0	14.2	6.7
<b>HR/FP</b>												
full sample			85.8	82.8			8.8	12.6			4.7	4.6
foreign policy			56.3	29.3			22.6	70.7			21.0	0.0
<b>POTEC</b>												
full sample			84.8	83.4			12.5	15.3			2.7	1.4
foreign policy			64.7	100.0			26.9	0.0			8.4	0.0

cooperation, these data run contrary to the belief that the Belgians had an easy and smooth relationship with Herman van Rompuy, though it is also possible that their expectations were much higher, while the President remained first and foremost a chair in need of confidentiality in order to conduct effective mediation.

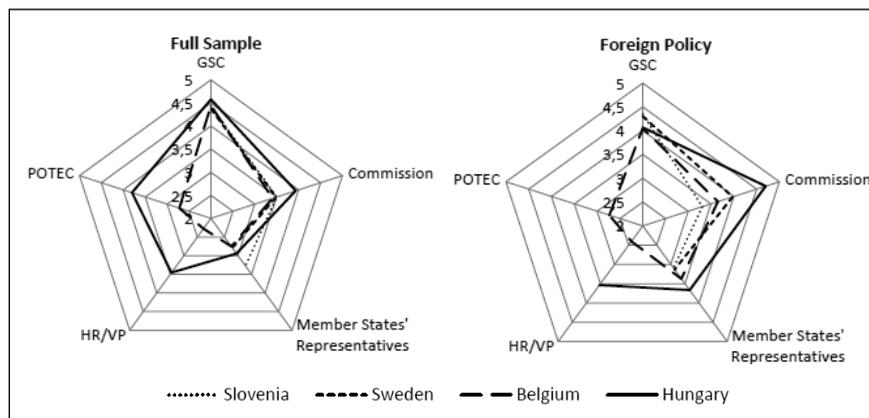
It is in the foreign policy area that we find visible changes between the analyzed pre-Lisbon presidencies and also between Belgium and Hungary. While the data for the HR/VP with regard to receiving information across all policy areas reveal low frequency compared to those of the POTEC (*cf.* Tables 3 and 4), in foreign policy specifically, there is a significant difference between the Belgian and the Hungarian presidencies. With 80 per cent of the Hungarian officials working on foreign policy who responded to the survey agreeing that they had regularly received information on substance (Table 3) and over 70 per cent that they had received information on positions periodically from the cabinet of the High Representative. This is in enormous contrast to the data from the Belgian respondents (Table 4). Despite the very low number of respondents, the difference between the Belgian and the Hungarian data is still worth noting. The difference in quantity is only partially reflected in the difference in quality. While Hungarian respondents evaluated the success

**Figure 4.** Success of cooperation: obtaining information on the substance of an issue



of the cooperation with regard to the positions of other actors much higher than the Belgian ones (but still lower than in the case of any other actor in the analysis), they both evaluated the success of the cooperation with regard to the substantial issues as being extremely low (Figures 4 and 5). There is however a significant difference between the results from the Belgian and the Hungarian surveys with regard to their evaluation of the cooperation on the information on both substance and positions with other actors. The difference in relation to the Commission is especially striking. The Hungarian officials rated the success of cooperation with the Commission on foreign policy as highest in comparison to all other actors, whereas the Belgian officials rated their cooperation with the Commission as the lowest (Figures 4 and 5). Data from the Belgian survey depict very low satisfaction in terms of foreign policy in both types of cooperation on information with the Commission (only Slovene officials evaluated their cooperation with the Commission on positions as being less successful). Both Belgian and Hungarian officials gave a higher evaluation to the success of cooperation with the representatives of the member states with regard to positions than their Slovenian or Swedish counterparts did. This is in line with the quantitative aspect of information on positions in foreign policy. While evaluations on information on issues did not fluctuate much for the GSC, the Commission and representatives of the member states, the frequency with which information was received on positions clearly fell in the Hungarian survey for the Commission and the GSC, while it rose for both Hungary and Belgium

**Figure 5.** Success of cooperation: obtaining information on the position of other actors



regarding information received from the representatives of the member states on positions.

## Conclusion

This article attempts to detect changes resulting from the “multiplication” of the presidencies, i.e. the introduction of the posts of the POTEC and the HR/VP, in relations between the presidency and actors with which it cooperates most in fulfilling its tasks.

When comparing the pre- and post-Lisbon presidencies relations with the five actors which were included in the analysis, there are a number of differences visible not only between the two new actors, but also, especially in the foreign policy field, with regard to other actors as a result of shifts in competences and personnel. Before generalizing and drawing conclusions, we would like to stress once again that it is too early on in the life of the new institutions for us to be able to draw general conclusions. The introduction of the Lisbon Treaty is not the only independent variable here; there are also a number of factors which could affect how member states interact with their partners in Brussels. When looking at foreign policy, the numbers of respondents are too low for any tests of statistical significance to be conducted.

Still, we believe we have detected a number of “eternal” constants and post-Lisbon changes. By “eternal” constants we mean the quality and quantity of

cooperation between the presidency and the GSC, the Commission and the representatives of the member states. There is a slight difference that can be attributed to the first-time presidency, but the general consistency suggests that the institution of the presidency and the channels of cooperation in Brussels have become stable over the years the rotating system has been in operation, to that extent that, at least in case of small member states, their own differences with regard to their coordination or attitude towards the integration seem not to affect the cooperation patterns.

On the other hand, the two new institutions are still developing their *modus operandi* and relations with other actors and this has disturbed the otherwise stable patterns. This is especially visible in the area of foreign policy, where there is considerably more divergence between the four member states with regard to both the quality and quantity of cooperation. In the case of the two presidencies that occurred once the Lisbon Treaty had come into force, we also see a greater divergence in cooperation patterns between the presidency and the 'old' institutions, which certainly requires further research.

It is of course too soon to talk of trends, and the upcoming presidencies will each contribute to the gradual consolidation of the channels of cooperation, and with the EEAS as well, which is a new actor in this network.

András Inotai

## European integration at a crossroads

*Abstract: It is by no means just the common currency crisis that has to be dealt with and remedied. The current crisis has partly exacerbated and accelerated new processes that require an urgent and sustainable response at all levels of European integration, from the uppermost European institutions and member-state governments to the wider public. The paper addresses two key issues. Firstly, it deals with some of the basic challenges and dilemmas facing the European Union. Secondly, it analyzes the current eurozone crisis in terms of the very beginnings of the common currency project, its implementation and the consequences, and the alternative options for the future of the euro.*

After more than half a century, the architecture of the European Union constructed over decades needs major changes, including a basic restoration or revival of its foundations. It is by no means just the common currency crisis that has to be managed and, hopefully, also remedied. Some of the challenges relate to the global financial, macroeconomic, social and, regrettably, the contagious psychological crisis. Others, fortunately or unfortunately overlapping these factors, are rooted in epochal changes to the international political, economic and institutional system and would have become manifest even without the current crisis. There is no doubt the latter has definitely exacerbated and accelerated new processes that require an urgent and sustainable response at all levels of European integration, from the uppermost European institutions, member state governments, to the wider public – the basic pillar of a united (unifying) continent.

This paper addresses two key issues. First, it deals with some of the basic challenges and dilemmas facing the European Union. Second, and in more detail, it analyzes the current eurozone crisis in terms of the very beginnings of

the common currency project, its implementation and the consequences, to the alternative options for the future of the euro.

## **Basic challenges and dilemmas**

The current situation and the tasks facing the European Union can adequately be described as “managing the costs of crisis management.” Recovery from the deep macroeconomic crisis of 2009 and the collapse of foreign trade (which fell by more than 4 per cent and about 20 per cent, respectively)<sup>1</sup> was to a large extent due to widespread government interventions in most countries, with particular emphasis on crisis-hit sectors, such as the car industry and the construction and labor markets. It seemed that a worst-case scenario could be avoided, even if not prevented altogether. In 2010, most EU member countries posted positive growth figures, although a return to pre-crisis (2008) levels would require three years for some member states and most likely a much longer period in others (Greece, Ireland, Portugal, Hungary, Finland and Spain, not to mention Latvia and Lithuania). In contrast, and very much as a consequence of having avoided trade protectionism even in the worst months of the crisis, foreign trade recovered much more quickly and the 2010 figures exceeded the 2008 figures in several member countries.<sup>2</sup> Due to a combination of the unique interdependence of national (and regional) economies in an era of globalization, the global or European strategy and the interests of transnational companies, no country dared to introduce unilateral protectionist measures fearing an immediate and painful retaliation. One can only hope that the second wave of macroeconomic stagnation or recession, which seems to be not unlikely in 2012, will not change this basic behavior pattern and that international trade, services and capital flows will remain exempt from large-scale and damaging protectionist policy measures.

Justifiably, there are more worries about developing budget deficits and public debts in most member countries generally, and in the eurozone in particular. In 2008, the EU27 budget deficit amounted to 2.4 per cent (and that of the eurozone to 2.0 per cent). However, as a consequence of crisis management, it jumped to 6.8 and 6.3 per cent, respectively in 2009. Despite strict fiscal policies in most member countries, it fell slightly to 6.4 (and 6.0) per cent in 2010.<sup>3</sup> Further budget deficit reduction has been forecasted for 2011 and 2012, but the figures remain well above the Maastricht criterion of 3 per cent. Further

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<sup>1</sup> *IMF World Economic Outlook*, May 2011.

<sup>2</sup> *Ibid*; the author’s own calculations.

<sup>3</sup> A. Inotai, “After the crisis?” *Public Finance Quarterly* Vol. LVI, No. 3, 2011, pp. 360–78.

budget consolidation seems to be a rather choppy course to take due to the difficulty of finding further ways of increasing budget revenues and/or reducing budget deficits, at least without fundamental structural reforms. In addition, the worsening social consequences of the crisis (from income polarization to social marginalization) could easily create a socio-economic situation in which there is very limited room for maneuver on further fiscal consolidation. More problems result from the high and continuously increasing levels of public debt. In 2008, it had already reached 62.3 per cent as an EU27 average and amounted to 69.9 per cent on average in the eurozone, a much higher figure than the stipulated Maastricht criterion of 60 per cent. As a result of the crisis and the way it was managed, public debt jumped to 80.2 per cent for the EU27 and to 85.4 per cent for the eurozone in 2010. Despite budget consolidation efforts, further increases in public debt are anticipated in forecasts until 2012, with 83.3 per cent for the EU27 and 88.5 per cent for the eurozone on average.<sup>4</sup> Most eurozone countries, with the exception of Finland, Slovakia and Slovenia, have more than 60 per cent public debt, and even in these latter countries the growth of public debt is dynamic and could easily reach the 60 per cent mark within a few years.<sup>5</sup>

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And this is where the dilemmas and embedded conflicts begin, because the debt crisis is both enshrined in and the product of a crisis of competitiveness and the structural deficiencies of several, member countries, including “old” members, of the EU.

First, it is inevitable that everywhere will see fiscal consolidation, in order to maintain the critical minimum of confidence of the international financial markets. However, fiscal consolidation has to be reconciled with growth, because without growth, fiscal consolidation is unsustainable, either economically or socially.

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<sup>4</sup> “European economic forecast,” European Commission, Spring 2011. Available online: [http://ec.europa.eu/economy\\_finance/publications/european\\_economy/2011/pdf/ee-2011-1\\_en.pdf](http://ec.europa.eu/economy_finance/publications/european_economy/2011/pdf/ee-2011-1_en.pdf) accessed on November 30, 2011).

<sup>5</sup> The situation is not much better in the United States or Japan, two key economies in a global perspective. The US budget deficit reached 11.2 per cent in 2010, or about 40 per cent of German GDP. See: “Fiscal monitor: Addressing fiscal challenges to reduce economic risks,” *World economic and financial surveys*, International Monetary Fund, September 2011. Available online: <http://www.imf.org/external/pubs/ft/fm/2011/02/pdf/fm1102.pdf> [accessed on November 30, 2011].

According to a recent IMF study, if public debts were to be reduced by 1.5 per cent annually it would not jeopardize sustainable growth for most, provided that the country is an open economy and prepared for (or preparing for) structural changes.<sup>6</sup> In other words, Germany or France would need a 20-year period of sustainable fiscal consolidation in order to reduce their respective public debts to the 60 per cent Maastricht criterion. This path is, however, a “mission impossible,” because no government and no society would be ready to sustain such a program, even if high level consensus could be created among rival political parties in the democratic system. Therefore, in order to leave some room for maneuver in terms of sustainable growth, [a large] part of the public debt has to be inflated, both in the USA and in the EU. This, however, would urgently need coordinated action before socio-economic and political pressure reaches critical mass. It seems to me that we could still inflate part of the public debt if it were done today; tomorrow, however, would be too late. I acknowledge that higher inflation would negatively affect the poorer sections of society above all. But these adverse impacts can be mitigated or even ironed out by appropriate economic and social policy measures. By contrast, several years of stubborn [orthodox] fiscal consolidation would undermine the socio-economic texture of the member countries, with unpredictable impacts (and costs) in the coming years. Again, within a well-coordinated framework and with extensive social discussion and agreement, another part of the outstanding debt could be restructured and transferred to the next generation, who cannot, however, be made responsible for the current levels of public debt.

Second, reference should be made to the dilemma between growth and job creation. This author fully agrees with the “twin priorities” of the EU 2020 program. They are, in fact, key issues relating to the future of the EU’s global competitiveness and social peace. However, in a globalized framework, competitive and open economies need at least a 2 per cent sustainable annual growth rate in order to increase the volume of the labor market. Of course, redistribution of the available and registered workforce (part-time work, working from home, etc.) could be introduced but it would not increase the volume of total employment. An annual 2 per cent growth rate can easily be generated by higher productivity, better management methods, new technologies and keener competition. At present, there is no forecast predicting even as low as a 2 per cent annual growth rate within the EU. In addition, catching-up member countries with still higher productivity reserves would have to produce annual (and sustainable) growth of 3 to 5 per cent in order to absorb part of the available labor. Thus, everywhere, both in the more and less developed countries

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<sup>6</sup> Ibid.

of the EU, the creation and the conscious and careful management of a second labor market seems to be unavoidable. Along with the competitive sector, an internationally non-competitive labor market has to be established. The potential costs of such a secondary labor market would be much lower than the costs of social benefits, unemployment payments and, more importantly, the economic and social fallout of massive marginalization accompanied by social unrest.

Third, the crisis made clear that there was a growing gap between the basic attitude of the business sector and the majority of public opinion. While business, as already mentioned, remained open and refrained from adopting relevant protectionist steps, a large section of society has become obviously inward-looking. This finding holds not only for less open economies and societies but, interestingly, more for historically open, inclusive and tolerant countries (right or extreme-right movements in the Netherlands, Finland, and Denmark, let alone in other continental European and some new member countries).

Fourth and finally, the task now confronting us is how the leaders and the general public of the European Union can be mobilized to successfully face the challenges of the 21st century. In this context, perhaps regrettably, negative arguments seem to be working better than positive ones. Twenty-five years ago, when Jacques Delors launched his

project for a single internal market, most members of the EU (at that time there were 12) were very critical and uncertain, if not fearful, as was manifest in the evident opposition and serious reluctance. In view of these reactions, Delors asked Cecchini to write a paper on the “costs of non-Europe.”<sup>7</sup> This document played an important role in convincing influential business communities and social groups to support his project. Nothing less important is needed today: what would be the cost of a non-Europe if the half-a-century old European architecture were to collapse? Or more specifically, what would be the cost of a non-euro? This will be dealt with in the next part of this paper.

The European Union, as a global economic actor (trade, investments, technology, international aid, environment, international institutions, rules of the

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*By contrast, several years of stubborn [orthodox] fiscal consolidation would undermine the socio-economic texture of the member countries, with unpredictable impacts (and costs) in the coming years.*

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<sup>7</sup> P. Cecchini, *Europa 1992. Der Vorteil des Binnenmarktes*. Baden-Baden: Nomos Verlag, 1988.

game and norm-setting powers] has to develop and implement its common international politics, based on its basic characteristic of being a “soft power.” Provided that the world of the twenty-first century is able to avoid major military conflict and a nuclear war, the relevance of economic security will become ever more crucial. And this could be the historic hour of Europe, as a “soft power.” However, in order to make use of such an opportunity [or historical crossroads], the EU needs more than a redefinition of its “finalité politique,” as laid down in the basic documents on integration from several decades ago. The EU needs, as American political writing would have it, a clear “mission.” In other words: what is Europe’s mission in the globalized twenty-first century? The euro and the related crisis, while an important part of this story, are not the only element. Nonetheless, the next part the article will focus on the eurozone crisis and leave defining the “mission of Europe” for another paper in the near future.

### **The crisis of the euro: birth failures, institutional deficiencies and the impact of the global crisis**

The European Union has had two clear success stories on integration in the last two decades. One was the enlargements of 2004 and 2007, the other the birth of the common currency. This fact should not be ignored even amidst attacks on the euro and the gradually deepening euro crisis. Instead, the common currency has to be viewed objectively, because the fate of the euro and the way in which this crisis is managed will have an impact on the future of European integration.

Once again, after two decades of repeated criticisms, it has to be stressed that the basis on which the euro was to operate was not sufficiently established, at least in economic, and to an extent political, terms. First, the euro was not rooted in an optimal currency union. At least two factors failed: the more or less homogeneous capability of competitiveness and the truly free flow of labor.<sup>8</sup> Second, the creation of the Economic and Monetary Union (EMU) was based on the monetary component, with the expectation that the common currency and a common interest rate fixed by the European Central Bank in Frankfurt would enforce a common fiscal policy, or at least, the comprehensive coordination of such a policy. (Unfortunately, just the opposite happened.) Third, the single market program drawn up by Delors was expected to provide an important impetus for

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<sup>8</sup> Even though the free circulation of labor is guaranteed within the EU, in practice this is hindered by linguistic, cultural, psychological and, in some cases, even institutional and legal barriers. This is one of the fundamental differences between the EU and other federally organized states, such as the USA, but also Germany, Austria, Belgium or Spain.

the common currency to reach the next stage in the process of integration (free trade, a customs union, economic and monetary union, political union). Fourth, the creation of the euro cannot be decoupled from the EU's attempt to achieve greater equality with the United States, and the predominance of the US dollar. Fifth, and probably most importantly, the monetary union was not accompanied by stronger political union. By having two basic monetary unions still in existence today, there has been a clear rejection of the theoretical assumptions behind the integration process and its step-by-step implementation. Once the United States had been established politically it retained several local dollars. Similarly, the German Reich was a political union that preceded monetary union by several decades. Of course, where the euro is concerned, it was the political component that played a decisive role in its creation. On the one hand, as integration (deepening) has evolved, it has pushed it in this direction. More importantly, political considerations have to be considered. To put it clearly, the birth of the common currency was intrinsically linked to German reunification. France was only willing to accept German reunification on the grounds that Germany give up one of its few national symbols: the German mark.<sup>9</sup> Moreover, given that there is no written document categorically affirming enlargement, we are inclined to add the factor of future enlargement of the EU (which is politically unavoidable). At the time the Maastricht Treaty was signed, in the autumn of 1992, it was already clear that the pressures for enlargement to the East could not be withstood and the reference to the "values in itself" of bilateral Association Agreements (December 1991) did not keep pace with the speed and requirements of the political and economic transformation in Central and to an extent in Eastern and Southeastern Europe. Just a few months separated the Maastricht Treaty and the Copenhagen criteria of accession. Therefore, the Maastricht Treaty could be considered as a "flight forward" taken by "old members" in order to create a two-tier integration process with a strong core and a new "soft periphery" that could embrace the new members from Central and Eastern Europe.

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*The EU needs more than a redefinition of its "finalité politique," as laid down in the basic documents on integration from several decades ago. The EU needs a clear "mission."*

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<sup>9</sup> Besides the German mark associated with a stability culture, for decades the other national symbol was the world soccer championships in Bern in 1954.

Birth failures were exacerbated by the fact that the Maastricht criteria were not strictly observed. The criteria themselves were inadequate because attention was focused solely (and in this sense it was unbalanced) on nominal convergence criteria instead of assessing a country's capability of achieving real convergence targets; a clear sign of sustainable (or improving) competitiveness. However, not even the nominal criteria were observed, despite the fact that as a consequence of German pressure, the Stability and Growth Pact had been added to the Maastricht Treaty. On the one hand, eurozone membership was again a political decision. Both, Italy and Belgium, never mind Greece, reported public debts of more than 100 per cent of GDP as compared to the 60 per cent limit stipulated in the Treaty.<sup>10</sup> For political and partly economic reasons,

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*Conflicts and tensions would have become manifest even without the onset of the global financial and macroeconomic crisis.*

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none of these countries could be excluded from the first round of eurozone accession, and Greece, which violated not only the public debt but also the budgetary criteria, was admitted with a delay of one year. Italy's exclusion would have left the Mediterranean (and less competitive) members outside the eurozone, while Belgium's omission was imaginable, not only because it is host to the basic institutions of the European Union and is considered to be the "capital of Europe" but also because it would have terminated the

monetary union with Luxembourg that dated back to 1926. On the other hand, and no less importantly, the two key countries of the eurozone, namely Germany and France, violated the Stability and Growth Pact (SGP) in the second half of the 1990s without being "punished," infringing SGP rules. In such circumstances, Greece, the main "villain," could not be handled any differently either.

Deficiencies and distortions that originated once the monetary union was functioning added to the problems. To be sure, conflicts and tensions would have become manifest even without the onset of the global financial and macroeconomic crisis; however, they might have remained less serious and there would have been more time available to manage the emerging problems. However, the global crisis accompanied by financial bubbles on the one hand and the rapidly changing map of international competitiveness, on the other, mainly due to the dynamism of the Chinese economy and its fast-growing international influence in global trade relations, have definitely exacerbated

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<sup>10</sup> See Final act and Declarations of the "Treaty on European Union," *Official Journal* C 191, July 29, 1992.

problems inherent in the functioning of the monetary union. Tensions were already starting to accumulate in the “nice weather period”. Several eurozone member states did not achieve budgetary surplus or even a balanced budget in the years of relatively high growth. It is no wonder that their budget deficit jumped to unacceptable levels once the crisis started to affect them. In addition, the competitiveness gap between Germany (or the Netherlands, Austria and Finland) and the Mediterranean countries reached an unsustainable level. In fact, German unit labor costs hardly grew<sup>11</sup> in the first decade of the euro, as compared to a 25 to 30 per cent rise in several other member countries.<sup>12</sup> A year-to-year difference of 1 or 2 percentage points does not matter; since, if achievable, higher productivity growth can easily compensate for this gap. However, a difference accumulated over a decade cannot be eliminated even if the countries with higher unit labor costs are competitive (which, in several cases, they are not). Furthermore, the uniform interest rate set by the European Central Bank favored members with higher levels of inflation, because it allowed them to borrow euros at an interest rate that was sometimes below their annual inflation rate. Thus, they were more and more tempted to borrow euros at negative interest rates, before the global crisis was in full spate that is. It was only at the beginning of 2010 that the financial markets started to apply higher interest rates on CDSs to the borrowing of Greece, Portugal, Spain, Ireland and Italy, despite the fact that the Central Bank’s interest rate remained the same for all eurozone member countries. In addition, the money borrowed at the negative interest rates predominantly financed private consumption and construction and not competitive investments and sustainable structural change. In all countries, it was private credits that represented the lion’s share of rapidly growing indebtedness.

### **Options for managing the eurozone crisis**

Before looking for comprehensive measures to be applied at the eurozone level, there was a call for Germany, the key beneficiary of the common currency with an enormous trade surplus growing annually, to generate (artificial) domestic demand to provide additional export opportunities for other member countries. However, Germany, for good reasons, resisted and was not prepared to give up

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<sup>11</sup> Budgetary consolidation became a must for Germany after it had to bear the costs of reunification for a decade. This period (or economic policy change) coincided with the first decade of the euro. Germany’s main goal was to limit the extent to which it became further indebted due to reunification – not necessarily to artificially strengthen German competitiveness within the eurozone.

<sup>12</sup> Eurostat 2011 and 2012 as cited in *Ifo Schnelldienst* Vol. 64, No. 20, 2011.

its consolidated economic position and further loosen its fiscal policy. Moreover, it was not certain that this step would have been successful, because simply because the population has more money at its disposal does not automatically mean that it would have spent it on higher consumption, it might well have ended up in bank accounts, as happened a decade ago in Japan. In addition, there is no automatic link between higher German import demand and exports from Greece or Portugal. In a world of global competition, additional German private consumption would have generated more imports from competitive countries, such as China, Turkey and new member countries, but not from uncompetitive Southern European eurozone members.

The main dilemma centered around whether those member countries that are in trouble should opt out or be bailed out. Thus far, the bail-out approach

has been used. If Greece had voluntarily opted out or been forced into leaving the eurozone, then it would have created serious problems and not only for Greece. Leaving the eurozone, which would have led to the dramatic depreciation of the reintroduced national currency against the euro, would not only have generated extremely high levels of inflation and brought large-scale bankruptcy and rapidly increasing levels of unemployment with unpredictable social and political consequences, but would have made

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*The main dilemma centered around whether those member countries that are in trouble should opt out or be bailed out.*

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it impossible to repay the outstanding debt denominated in euros. Furthermore, such a step would have had very adverse impacts on foreign banks in Greece or those holding Greek government bonds. As a result, several banks of eurozone member countries could have been in trouble leading to potential contagion of the entire banking system in the EU. Moreover, departure from the eurozone and a return to a strongly devalued national currency offers no prospect of rapidly growing (exchange rate-based) competitiveness if the economy lacks a competitive structure and competitive companies. Establishing these would take at least a decade or so and depends not only on having the right economic measures in place but also on instituting fundamental changes in social attitudes. Finally, if one country (the weakest) were to abandon the eurozone, it would do little to stop further attacks, because the financial markets would immediately start testing the next weakest member still in the eurozone.

Since mid-2011 it has become clear that the international financial markets are not just targeting the weakest member but the entire construction of the monetary union. A number of new institutions have been created and the

eurozone has undertaken some bold (albeit reactive) measures but these have not produced significant positive results. There is no question that since autumn 2008 European integration has gone “from the impossible to the inevitable.” Several joint actions that seemed to be impossible three years ago have been approved (and partly implemented). But recognizing the “inevitability” factor does not automatically imply that the crisis is being successfully and sustainably managed. It has to be stressed that all the eurozone member countries that find themselves in a critical situation differ in one way or another: Greece cannot be compared with Portugal, although both countries are experiencing declining competitiveness. Ireland’s problems stem from the banking crisis and not from a lack of competitiveness. Spain is less indebted than France or Germany and its problems are rooted in construction market bubbles. Finally, Italy’s outstanding debt, which absolutely cannot be financed from within the recently created “firewall” framework, is to be contrasted with Italian assets held outside the country that, once back in Italy, could cover the internal debt. Countries that appeared to be more stable have had to face the downgrading of their leading banks, another factor of risk or uncertainty on the euro market.

Considering the magnitude of the crisis and its potential consequences for the entire half-a-century architecture of European integration, new initiatives are urgently needed. It is increasingly likely that the problem will only remain under control if the existing “firewall” is substantially strengthened by IMF contributions. This, however, would need a global consensus and globally coordinated action. On the other hand, the introduction of a common eurobond seems to be inevitable. It is mainly the Germans who oppose this step. However, the budgetary costs for Germany with its higher interest rate for refinancing its debt (about 10 to 12 billion euros a year) would be smaller than the cost of financing one euro crisis after the other. Greece could have been bailed out in January 2010 at a cost of 25 billion euros. The four month delay in finding a solution meant the cost rose to 110 billion euros. Repeatedly taking reactive action would mean a much larger financial burden for Germany (and some other contributing members) than would a coordinated and forward-looking structure that could hopefully calm down the international financial market and the substantial speculation. It has to be added that changing German attitudes requires domestic political consensus and the support of a large section of the German population.

An option that has been aired but not elaborated on would consist in Germany’s leaving the eurozone. In this case, Germany, together with some fiscally strong countries, such as the Netherlands, Luxembourg, Austria, Finland and maybe France, would create a strong common currency (or a re-issued German mark), leaving the problematic countries in another group with a

rapidly depreciating euro. This, however, could initiate a currency war within the EU and lead to a rapid loss of German competitiveness related to the exchange rate, with dramatic consequences for unemployment. In addition, the European banking system could easily collapse, with an unpredictable impact on the cohesion of European integration.

The most probable (and happiest) outcome would be a proactive European strategy that could calm down the financial markets for a long period. To achieve this, no less than a “shock effect” is required. Of course, it is easy to envisage such a strategy on paper but very difficult to implement it in the short run or at all. The “market-shock” remedy would be a qualitative breakthrough towards a political union, fiscal union and a strong system of fiscal transfers. Obviously, the latter would only function if the net-contributing countries could gain a strong influence in (co-)shaping the economic and social policies of the net beneficiaries. This new quality of European integration would not only require the “communization” of a much larger share of the national budgets (several

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times higher than the currently hotly debated one per cent of gross national income) but also the willingness of the member states to give up a substantial part of their (alleged) “national sovereignty” and a joint awareness of common responsibility for a strong and influential European Union in the twenty-first century. In this context, the mission of the EU (and not just its traditional “finalité politique”) has to be clearly defined, approved and supported by a majority of the half-a-billion European citizens as well.

## **External impacts and European responsibility**

Interestingly, until today, the various efforts to rescue the eurozone have been characterized by a unilateral concentration on internal (intra-European) issues. No meaningful study has addressed the potential external impacts of a breakup of the eurozone. First, such an event would generate a new and very deep global crisis. In the current situation of sluggish growth and the renewed risk of recession, the impact could be disastrous. Second, due to the extremely high level of interdependence, not only the European but the global financial and banking system could collapse. Third, all those countries in the world that used to accumulate foreign exchange reserves in the euro would be very

hard hit. Last but not least, Europe could most probably give up all hope of continuing to be a major economic force in shaping the twenty-first century and of becoming a more important political force. This would not only have negative repercussions for Europe but would substantially alter the Chinese strategy, based on developing a multipolar world and loosening the “Siamese twin” relationship with the United States. There is no doubt that China would like to see a stronger EU that speaks with one voice, has stable institutions and a common currency and that would pave the way for the diversification of Chinese foreign exchange reserves.<sup>13</sup> Under certain conditions China would be ready and willing to buy eurobonds and contribute to strengthening the European monetary system – clearly following its own long-term (strategic) interests as well. The eventual appearance of China on the European capital market (as in the case of Greece following the IMF–ECB agreement or buying Spanish bonds or promising financial support to Hungary) can be considered part of the learning process but is definitely not a strategy because it could undermine European structurally. Such a move would hardly be in the interests of China, which seeks enhanced multipolarity.

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<sup>13</sup> According to the latest figures, China’s foreign exchange reserves amount to 3,300 billion USD, out of which about 70 per cent is in effect held in the US currency. J. Anderlini, “Europe to be focus of China’s spending spree,” *The Financial Times*, October 27, 2011 and Y. Yongding, “Beijing red knight will not ride to the rescue of the euro zone,” *The Financial Times*, November 1, 2011, p. 9.

Michal Kořan

## **Visegrad Group's goals and challenges in recent Europe: Czech reflections**

*"We all swim in the same Central European pot... We are a stack of small and insignificant countries – and therefore we should cooperate... None of us can make big leaps alone"*

Karel Schwarzenberg  
Foreign Minister of the Czech Republic

*Abstract: The article address two principal questions: What are the most recent developments and challenges for the Visegrad group? How does Czech foreign policy contribute and react to these developments in Visegrad cooperation? The article proceeds as follows: first, it outlines some important factors influencing recent Czech foreign policy, under the government of Petr Nečas, on the Visegrad group. Second, the text analyzes the V4's performance in its priority areas throughout the last four years. Third, the article tries to identify the most important challenges for the Visegrad group in the midst of the recent EU crisis.*

In February 2011, the Visegrad group (V4) celebrated the twentieth anniversary of its existence. From many points of view, the V4 entered its third decade as a self-confident and meaningful sub-regional group. Yet, only five years ago, when the V4 marked its fifteenth anniversary, this statement would have been more than contentious. Many observers argued that the V4 was doomed to become irrelevant after the four countries joined the European Union in 2004. Contrary to these expectations, since 2004 mutual communication and cooperation has gradually improved. Especially since 2009 the Visegrad group has acquired a new dynamic which has had practical and beneficial consequences in many

areas for the individual countries involved.<sup>1</sup> This article addresses the following questions: how does Czech foreign policy contribute and react to this dynamic? What are the most recent developments and challenges for the Visegrad group?

## Central Europe in Czech foreign policy

The overall nature of Czech policy towards the individual Visegrad countries and towards the group as a whole has been influenced by several important factors. First, for well over a decade, the Czech Republic has enjoyed the rather unique situation of having well-established mutual relationships with all the Visegrad countries. None of the relations is hampered by bilateral issues; rather, the relationship with Poland is usually referred to as “strategic” (at least from the point of view of the Czechs) and as “above-standard” in the case of Slovakia. It is no less important that where Hungary is concerned, despite the lack of a shared border and immediate common interest, this mutual relationship has experienced no real setbacks for many years. Second, the government of prime minister Petr Nečas (who took up office after the parliamentary elections in May 2010) has adopted an as yet unrivalled positive approach to the Central Europe countries and the Visegrad group, in particular. Both in the government’s declaration of program<sup>2</sup> and the new Czech foreign policy adopted by the government in July 2011<sup>3</sup> the new government clearly adhered to a strategic view of the Central European region. The strategic importance of Central Europe (among other things) is eloquently visible in the determination to promote “Czech interests in active cooperation [...]with the Central European countries.”<sup>4</sup> This rather strong wording does not compare with any program declaration made throughout the history of Czech governments since 1993. Moreover, long-term Visegrad priorities (such as the Eastern Partnership or the Balkan dimension) resonate more noticeably than ever both in the program declaration and in the new foreign policy concept. This situation can be interpreted as a part of a broader inclination on the part of the Czech Republic towards the Central

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<sup>1</sup> M. Kořan, “The Visegrad Group on the threshold of its third decade: A new political concept Central Europe?” in P. Drušák, Z. Sabić, *Central Europe in regional and global politics*, London: Palgrave, 2012 (forthcoming).

<sup>2</sup> “Programové prohlášení vlády České republiky,” August 4, 2010. Available online: [http://www.vlada.cz/assets/media-centrum/dulezite-dokumenty/Programove\\_prohlaseni\\_vlady.pdf](http://www.vlada.cz/assets/media-centrum/dulezite-dokumenty/Programove_prohlaseni_vlady.pdf) [accessed on December 2, 2011].

<sup>3</sup> “Koncepce zahraniční politiky České republiky,” Ministry of Foreign Affairs of the Czech Republic, 2011. Available online: [http://www.mzv.cz/file/675937/koncepce\\_zahranicni\\_politiky\\_2011\\_cz.pdf](http://www.mzv.cz/file/675937/koncepce_zahranicni_politiky_2011_cz.pdf) [accessed on December 2, 2011].

<sup>4</sup> “Programové prohlášení vlády České republiky,” op. cit.

European region which was even boosted by preparations for the Czech EU Council presidency in the first half of 2009.<sup>5</sup> This is an important development; since traditionally, Czech governments have confined themselves to general sounding declarations of the need for “good neighborhood relations” without much of a strategic thrust. This shift is all the more important as a similar process can be traced in Poland, where the V4 gained significance when the Tusk coalition government became convinced that the V4 could be an effective coalition-building core of new EU partner states<sup>6</sup> (even though the Polish performance during its EU presidency raises some doubts in this regard, which will be touched upon later).

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*For well over a decade, the Czech Republic has enjoyed the rather unique situation of having well-established mutual relationships with all the Visegrad countries.*

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Third, the pro-active stance of the new Government has a lot to do with the overall improvement in the nature of the Visegrad cooperation that we have witnessed during the last three years. This is an argument that will be elaborated on more thoroughly below; at this point it is important to note that after many years of diffident groping the V4 has found a stronger sense of meaning and relevance. It is true that even since 2004 there has been a gradual increase in the number of V4 meetings, consultations and projects at political, diplomatic, bureaucratic and public levels.<sup>7</sup> Yet, only since roughly

2009 has the V4 been able to clearly define (and to stick to) the core substance of its cooperation and to focus and streamline Visegrad activities and communication. Without both these conditions, in the long term, the V4 would likely be destined for oblivion. Fourth, a (short-term) factor in recent Czech policy on the V4 stems from the fact that the Czech Republic currently holds the one-year rotating presidency in the Visegrad group. Fifth, since summer 2010 the Visegrad countries have been experiencing unprecedented conditions: following the parliamentary elections in Hungary, the Czech Republic and Slovakia in the first half of 2010, all four countries have been governed by center-rightist

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<sup>5</sup> M. Kořan, “Státy Visegrádské skupiny a Rakousko v české zahraniční politice,” in M. Kořan et al., *Česká zahraniční politika v roce 2009: Analýza ÚMV*, Prague: Institute of International Relations, 2010, p. 111.

<sup>6</sup> M. Gniazdowski, “Poland’s policy in the Visegrad Group,” in S. Debski (ed.), *Yearbook of Polish foreign policy*, Warsaw: Polish Institute of International Affairs, 2009, p. 172.

<sup>7</sup> See e.g. J. Růžicka, M. Kořan, “Totgesagte leben Langer: Die Visegrád-Gruppe nach dem EU-Beitritt,” *Osteuropa*, No. 10, 2006.

coalitions. While the (positive) effects of this situation are difficult to assess in purely empirical terms it can be argued that the political proximity enhances conditions for closer communication (this assertion clearly holds at the very least in the case of Czech–Slovak relations).

The aim of the previous section was to point out some of the important factors that influence the recent Czech position towards Central Europe and sub-regional cooperation, and the following sections will be devoted to the recent development of the Visegrad group in general.

### **Geographical priorities in V4 “external” cooperation**

We have already mentioned that since 2009 the V4 has undergone a process of strengthening and broadening practically-oriented cooperation, particularly within the framework of the EU. In comparison with previous years, the V4 saw an undeniable improvement in its ability to pursue “traditional” V4 geographical priorities and to communicate these on the level of the EC and EU. Since EU accession in 2004 the V4 has been gradually strengthening its efforts to convince the EU to devote more attention to its Eastern and Southeastern neighborhood. The V4 put greater emphasis on the Balkan or the Eastern European dimension depending on which particular country had the V4 presidency. Thus, during the Czech and Polish presidencies in 2007–2008 and 2008–2009 respectively, emphasis was laid more on the Eastern dimension and limited attention was paid to the Western Balkans. The V4 concentrated on expressing its general political support and on technical consultation at a working level. Some important triggers emerged due to the Slovenian EU presidency in the first half of 2008 (with which the V4 countries maintained close contact). Also, in 2008 there were important meetings at a lower level, for instance a meeting of political directors regarding Bosnia and Herzegovina. Another important development took place in the International Visegrad Fund (IVF) when its board decided in December 2008 to allow students from Kosovo and Serbian applicants access to the fund.<sup>9</sup> Yet, the Balkan dimension still lagged slightly behind the more preferred “Eastern” one and this situation changed only with the Hungarian V4 presidency that, in line with its long-term territorial priorities, refocused attention on the Balkans. Hungarian initiatives peaked in October 2009, when the V4 foreign ministers met with the foreign ministers of the other two countries of the then EU presidency trio (which consisted of Hungary, Spain and Belgium) and the foreign ministers of the Western Balkan countries.

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<sup>9</sup> M. Kořan, “Visegrádská spolupráce, Rakousko, Polsko a Slovensko v české zahraniční politice,” in M. Kořan et al., op. cit., p. 105.

The Visegrad Group then agreed on the need to maintain the current EUFOR mandate in Bosnia and Herzegovina and lend support to a NATO Membership Action Plan for Bosnia and Herzegovina, and Montenegro. Also, the V4 tried to offer clearer EU membership perspectives to the Balkan countries and help with visa liberalization (the Czech position towards visa liberalization, though, has traditionally been more reserved).<sup>9</sup> Since the Hungarian presidency it has become a habit that the V4 ministers meet at least once a year (in the fall) to discuss exclusively development in the Western Balkans.

The V4 has begun attempts to use its recently enhanced status within the EU to encourage the “old-member” EU countries to show more interest in the Balkan region and its European aspirations. Thus, the second foreign ministers’ meeting on the Balkans (October 2010) under the Slovakian V4 presidency was also attended by European Commissioner for Enlargement and European Neighborhood Policy Štefan Füle. The V4 specifically strives to prevent the process of the EU integration of the Balkan countries from entering periods of prolonged and deep stagnation. In a declaration following the October 2010 summit, Hungary and Poland committed

themselves to pursuing the Balkan EU enlargement during their respective EU presidencies.<sup>10</sup> Consultations also led to the setting up of a Slovak Information Center for sharing transformation experiences with the Western Balkan countries.<sup>11</sup> The Balkan dimension was also a more visible feature of the first half of the Czech V4 presidency in 2011. The Czech presidency adhered to the tradition of meetings dedicated to the Western Balkans. The November 2011 meeting was again attended by the ministries of foreign affairs of the Western Balkan countries plus special guests – Slovenian foreign minister, Commissioner

<sup>9</sup> M. Kořan, “Visegrad cooperation, Poland, Slovakia and Austria in the Czech foreign policy,” in M. Kořan et al., *Czech foreign policy in 2007 – 2009: Analysis*, Prague: Institute of International Relations, 2010, p. 120.

<sup>10</sup> “Visegrad Group Ministerial Statement on the Western Balkans, Bratislava, October 22, 2010.” Available online: <http://www.visegradgroup.eu/2010/visegrad-group> (accessed on December 2, 2011).

<sup>11</sup> M. Kořan, “Státy Visegrádské skupiny a Rakousko v české zahraniční politice,” in M. Kořan et al., *Česká zahraniční politika v roce 2010: Analýza ÚMV*, Prague: Institute of International Relations, 2011, p. 131.

for Enlargement and Neighborhood Policy Š. Füle, and the European External Action Service Managing Director for Europe and Central Asia. In their joint declaration ministers welcomed the EC report on the progress of the Balkan candidate countries and especially welcomed the progress of Croatia. The V4 ministers together with Slovenia supported the EC in its recommendation to start accession negotiations with Montenegro and Macedonia and to grant candidate status to Serbia. The summit joint statement expressed the hope that the EC recommendations would be reflected in the Council Conclusions and confirmed by the European Council in December 2011.<sup>12</sup> Support for the EU aspirations of the Balkan countries was also one of three main topics at the conference of Presidents of Parliaments in September 2011.<sup>13</sup> We can conclude that the Balkan priority of the V4 rests on the solid foundation of a stable framework of political and working level meetings supported by the activities of the IVF. It can be said without exaggeration that the V4 also deserves credit for the signing of the accession treaty with Croatia.

### **The Eastern dimension of the V4 external cooperation**

In comparison with the Balkan dimension of the V4's external cooperation, the Eastern dimension has traditionally been more visible. Yet, precisely because the "Eastern policy" has been the pillar of V4 cooperation in external matters, differing opinions and points of view occur from time to time. These differing views can be linked for example to positions on Russia, on the human rights policy towards Belarus, on the appropriate way of communicating regional priorities to other EU member states as well as on the overall goals of the ENP. Competing priorities were most visible in 2008 when preparations were underway for initiatives which aimed to seek greater balance between the southern and eastern dimensions of the ENP. After months of consultations within the V4 (and later on also with the Baltic countries, Sweden and Germany) the group produced a non-paper called *ENP and Eastern neighborhood – time to act*. This working document included a proposal to supplement the existing bilateral and differentiated approach embodied in the ENP with a multilateral holistic (regional) approach based on certain specific projects. The idea was that

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<sup>12</sup> "Joint Statement of the Visegrad Group and Slovenia on the Western Balkans, Prague, November 4, 2011." Available online: <http://www.visegradgroup.eu/calendar/2011/joint-statement-of-the> (accessed on December 3, 2011).

<sup>13</sup> See "Conference of Presidents of Parliaments of V4 Countries, September 15–16, 2011: Final Declaration." Available online: [http://www.mzv.cz/jnp/en/foreign\\_relations/czech\\_v4\\_presidency/conference\\_of\\_presidents\\_of\\_parliaments.html](http://www.mzv.cz/jnp/en/foreign_relations/czech_v4_presidency/conference_of_presidents_of_parliaments.html) (accessed on November 27, 2011).

groups of states, not single countries, would initiate and implement projects, e.g. in energy, transport infrastructure and other areas of regional and strategic importance. This document was presented to the COEST working group in April 2008.<sup>14</sup> Despite this multi-party approach, in May 2008 Poland made use of an existing ambitious French proposal on the Mediterranean Union and together with Sweden swiftly prepared and pushed through a similarly ambitious document called Eastern Partnership (EaP), which was later presented at the GAERC meeting. In some ways the proposal was based on the original Czech initiative (for example in opting for a regional and not a bilateral approach); yet, at the same time the EaP proposal differs in many important aspects. For example,

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*In comparison with the Balkan dimension of the V4's external cooperation, the Eastern dimension has traditionally been more visible.*

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the EaP aimed to move beyond the existing ENP structures and to create permanent structures of multilateral cooperation. This is exactly the kind of an approach that the Czech Republic regularly rejected as the Czechs did not regard institutionalization as a positive and promising development. Instead the Czechs would prefer much greater emphasis to be put on pragmatic and focused project-based cooperation. Besides, the Swedish–Polish proposal gave the impression that the project was tailor-made to fit Ukrainian priorities; while the Czech

Republic called for a more open approach that would also reflect the positions of the other countries involved<sup>15</sup> (this probably had a lot to do with the fact that the proposal was extensively, albeit quietly, consulted with Germany). Despite these differences, though, the V4 countries were able to find common ground and the Czech Republic, just like the European Commission, fully embraced the idea of the EaP. Following the announcement that the first summit of the EaP would take place in Prague in May 2009 during the Czech EU presidency, it became clear that the partnership would also serve as a strong unifying tool for the V4 itself.

The V4 clearly understands that attempts to assert the Eastern dimension too strongly would be received negatively by the European Commission, which fears that the ENP will fragment. Therefore the V4 understands that

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<sup>14</sup> "ENP and Eastern Neighbourhood – Time to Act," unpublished document accessed at the Czech MFA. For more see E. Tulmets, "Český memorandum po vostochnomu sosedstvu: kratkij analiz i komentarii," *Evropa*, 2/27, 2008, pp. 63–75.

<sup>15</sup> Ibid.

the requisite conditions for potential success lie in close communication and cooperation with the EC and those important "old EU members" (especially Germany and Sweden). Another strategy is to translate this cooperation into other formats of the so-called "V4 plus," namely with the Baltic countries (V4 + B3). The second condition is to be absolutely clear about the expectations and limits of the EaP participant countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine). Therefore the V4 aims to interconnect the V4 plus meetings with the participant countries from the Eastern neighborhood.

Traditionally these contacts were confined more to bilaterally conceived summits, especially with Ukraine. The V4 has found itself in the difficult position of balancing the EU's interest in stressing conditionality and the need for domestic transformations in the Eastern European countries on the one hand and the clearer perspective on EU membership demanded by the Eastern European countries on the other. In 2007–2009, in order to navigate between these two incompatible approaches, the V4 tried to communicate both with representatives of the European Commission and with the member countries that were at the helm of the EU Council at that time. In relation to this dimension of the EU's neighborhood policy, the V4 tried to proceed in coordination with Germany (especially during the German EU presidency in 2007) and later on with Sweden (the EU presidency country in the second half of 2009). A similar approach was adopted towards Spain, which assumed its presidency role in January 2010.<sup>16</sup> In February 2011 the V4 prime ministers met the chancellors of Germany, Austria and the prime minister of Ukraine in Bratislava for the twentieth anniversary celebration of the V4. The meeting was of a rather symbolic nature especially given the attendance of German chancellor Angela Merkel. Yet even the February meeting revealed that the importance of the V4 and its work with regard to Ukraine was gradually reaching its limits. Ukrainian prime minister Mykola Azarova did not join the V4, Germany and Austria in their strongly-worded statement critical of the situation in Belarus following the rigged presidential elections of December 2010.<sup>17</sup> Prime minister Azarov made it clear that instead of criticizing, Ukraine would try to play a bridge-building role between the "West" and the Lukashenko regime.<sup>18</sup> Reluctance had been creeping into the relationship since the February 2010 presidential elections that were won by Viktor Yanukovich. From then onwards there was visible disenchantment

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<sup>16</sup> M. Kořan, "Visegrad cooperation...", op. cit., p. 120.

<sup>17</sup> "Statement by the heads of governments of Austria, the Czech Republic, Germany, Hungary, Poland and Slovakia on Belarus, February 15, 2011." Available online: <http://www.visegradgroup.eu/2011/statement-by-the-heads> [accessed on October 21, 2011].

<sup>18</sup> "Summit V4 si všímal ceny potravín," *Sme*, February 17, 2011.

following the imprisonment of former prime minister and Orange Revolution leader Yulia Tymoshenko (August 2011). The “Tymoshenko affair” pushed the V4 into a rather unique move – it issued a common V4 statement expressing its concern with the recent situation in Ukraine.<sup>19</sup> This development also contributed enormously to the inability to finalize the Association Agreement, including the Deep and Comprehensive Free Trade Area during the Polish EU presidency in the second half of 2011, which was a clear priority of the group. Yet, the V4 is to try to prevent the EU member states from finalizing the Association Agreement with Ukraine until Yulia Tymoshenko has been released, although such efforts seem to be rather futile at this point.

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Since 2010 the V4 has also opted for a broader and more ambitious approach towards the region as a whole. In March 2010 the Hungarian presidency organized an extremely large meeting of the foreign ministers of the V4, the EaP partner countries, Spain, Belgium, Sweden and EC representatives. The common declaration referred to several priority areas for cooperation, such as energy security, energy and transport infrastructure, and visa liberalization. Ministers also agreed to establish the “Group of Friends of the EaP.”<sup>20</sup> In March 2011 the Slovak V4 presidency hosted an impressive event in Bratislava

where the V4 foreign ministers convened together with their German counterpart. The group of ministers agreed on the need to enhance political dialogue, making use of informal Gymnich, sectoral ministerial or political director meetings as well. At the same time the ministers recognized the need to stick to a principle of differentiation and a “more for more” approach with clearer criteria and objectives with “prize money” for the EaP partners who had

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<sup>19</sup> “V4 statement on Ukraine, August 10, 2011.” Available online: <http://www.visegradgroup.eu/the-visegrad-group-110810> (accessed on October 21, 2011).

<sup>20</sup> “Joint statement of the foreign ministers of the Visegrad Group at their meeting in Budapest, March 2, 2010.” Available online: <http://www.visegradgroup.eu/main.php?folderID=830&articleID=27803&ctag=articlelist&iid=1> (accessed on October 20, 2011).

advanced furthest in implementing the EU acquis. However, enhancing dialogue and making progress with the EaP objectives is also dependent on finding and securing adequate financing for the EU policy on the Eastern partners. Ministers agreed in rather vague terms on the need to include adequate financing in the next financial perspective, yet there were no specific measures.<sup>21</sup> Despite its vagueness the statement could be interpreted as being successful to a degree provided that it was signed by the German side as well.<sup>22</sup> This tone was also confirmed at the prime ministers' summit in June 2011 in Bratislava, which resulted in a joint statement where the PMs agreed to establish a new special program focused on the EaP within the framework of the IVF called the "Visegrad 4 Eastern Partnership" with initial flagship projects on Democratization and Transformation Process; Regional Cooperation; and Support for Civil Society. The prime ministers agreed to support the establishment of a new V4 EaP program by allocating additional resources and they decided to increase the current annual IVF budget by an additional annual contribution of 250,000 euros per country, starting from 2012<sup>23</sup> which, at a time of severe austerity measures is a symbolic act of unquestionable importance.

Despite the fact that the V4 efforts over the last two to three years have been bolstered, more focused and better targeted, the still challenges to be met are far greater than those of the not-so-distant past. First, with the gravity of the crisis increasing throughout 2011, the EU is naturally pre-occupied with itself. As Nicu Popescu put it, the crisis has pushed the entire idea of a common foreign policy down the list of EU priorities and new aspects of external relations such as the EaP have fallen victim to this downgrade.<sup>24</sup> Europe's prevailing self-concern goes hand in hand with a declining trust in its own values and, subsequently, with a fading attractiveness of the "European model," which was the single most successful and effective (if not the only) European foreign policy strategy. Increasing European fears of a wave of eastern migrants making unemployment worse in Europe does not help to speed up the EU's process of

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<sup>21</sup> "The Visegrad Group and Germany foreign ministers statement on the Eastern Partnership, March 3, 2011." Available online: <http://www.visegradgroup.eu/2011/the-visegrad-group-and> [accessed on November 14, 2011].

<sup>22</sup> It is also important that the foreign ministers agreed to meet again in spring 2012, which indicates that holding a regular ministerial meeting with an EaP focus in the spring and with a Balkan focus in the fall is becoming something of a habit.

<sup>23</sup> "Joint statement on the enhanced Visegrad Group activities in the Eastern Partnership, June 16, 2011." Available online: <http://www.visegradgroup.eu/2011/joint-statement-on-the> [accessed on October 20, 2011].

<sup>24</sup> N. Popescu, "EU? No, thanks!" *EaP Community*, December 9, 2011. Available online: <http://www.easternpartnership.org/community/debate/eu-no-thanks> [accessed on December 13, 2011].

complying with its promise to abolish the restrictive requirements on applying for a Schengen visa. The EU has thus gained an increasingly “sour face” in the eyes of those who are supposed to benefit from integration and, in fact the European Union can be accused of “actively working to the benefit of anti-Western forces in the post-Soviet countries.”<sup>25</sup> If there is any room left to devote attention beyond the narrow confines of Europe, it is surely directed at developments in North Africa and the Middle East, as the wave of protests renders this region ever more unstable and unpredictable. Second, Russia seems willing to use the EU crisis as a chance to expand its influence; the war in Georgia in August 2008 was the most recent event confirming this path. Moscow’s focus on creating the Eurasian Union might be yet another step in this direction and undoubtedly one that might put East–West relationships in peril. A. Rusakovich put it quite clearly:

On one hand we have Russia, which has a specific, already initiated project aimed at the economic integration of the former Soviet republics (a Customs Union, a Common Economic Space, and the Eurasian Union in the future), and on the other hand Europe, which has been plunged into an unprecedented crisis with proclamations of the fall of the common currency, and which is always telling the East off as if it were naughty children. No wonder that enthusiasm is also dropping off in the pro-Western parts of society, and the Russian presence in this puzzle causes indigestion in European diplomats.<sup>26</sup>

Third, the recent political situation in Ukraine and Belarus does not provide much hope for rapid progress and a quick transformation. As A. Wilson rightly pointed out, it is ironic that Freedom House’s democracy ratings have been deteriorating across the region ever since the EU launched the EaP project in 2009.<sup>27</sup> These three factors together contribute to the increasingly widespread mutually negative and reluctant outlook between the EU and its Eastern

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<sup>25</sup> A. Nice, “Europe is becoming less attractive for the East,” EaP Community, November 11, 2011. Available online: <http://www.easternpartnership.org/community/debate/europe-becoming-less-attractive-east> [accessed on December 12, 2011].

<sup>26</sup> A. Rusakovich, “Russia will use the crisis as a chance to expand its influence,” EaP Community, November 21, 2011. Available online: <http://www.easternpartnership.org/community/debate/russia-will-use-crisis-chance-expand-its-influence> [accessed on December 12, 2011].

<sup>27</sup> A. Wilson, “The Warsaw Summit and Europe’s ‘New South,’” *EaP Community*, December 12, 2011. Available online: <http://www.easternpartnership.org/community/debate/warsaw-summit-and-europe-s-new-south> [accessed on December 12, 2011].

partners. Under these conditions it was also difficult to expect too much from the second EaP summit in Warsaw in September. The attendance “score” of the key European leaders was only slightly better than during the first summit in Prague (May 2009). This corresponds to the wide disinterest expressed by the majority of European countries in relation to the Eastern region, with the exception of German Chancellor A. Merkel. It was also important that the EU “leadership” attended the summit (H. van Rompuy, J. E. Barroso, C. Ashton, Š. Füle and J. Buzek). The outcome included support for an early start to DCFTA with Georgia and Moldova. This welcome move, which could also be linked to close Polish and Czech cooperation, was one of the Polish priorities. Furthermore, an extra 150 million euros was added to the EaP budget for 2011–2013, which is not much but bears symbolic value due to the pressing financial crisis. The summit also managed to attract some attention at least to this currently neglected region. Yet, the Polish presidency can hardly rate its outcomes as being overly successful and some western countries – France primarily – surely left their fingerprints on this not-so-impressive rating. During the second half of the Czech presidency, in order to face up to the challenges, the V4 should focus on supporting the technical side of negotiations with the EaP countries, such as finalizing the technical aspects of the AA and the DCFTA with Ukraine as well as supporting the initial phase of the DCFTA negotiations with Georgia and Moldova. On the political level the V4 should focus on consultations with Denmark, the EU presiding country in the first half of 2012. Denmark will continue to deal with the fate of the political conclusion of the EU–Ukraine negotiations. The Czech V4 presidency might consider inviting Danish representatives to the foreign ministers’ meeting in Prague planned for March, which will focus on the EaP and will involve ministers from the EaP partner countries. It is also essential that the V4 continues to work as one and it is important that the usual “Eastern” duo – the Czech Republic and Poland – do not hold any substantially different views. In this regard it will be interesting to see the outcome of the Slovak early parliamentary elections of March 2012 as they might bring about a political change from the center-rightist government to center-leftist, which might also result in changes to the Slovak Eastern policy.

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## Energy policy dimension of V4 cooperation

Clearly, Visegrad cooperation is not restricted to the external dimension, even if this aspect has been the most visible in the last few years. However, it is crucial to stress that the V4 group offers great (and in many respects as yet unexploited) potential for inner, sub-regional cooperation that might prove to be essential in any overall future macro-regional progress of the region. In this regard, energy policy is especially remarkable as this area has long been regarded as a vital issue for discussion but there has been no real harmony of interests. The previous Czech V4 presidency (2007–2008) had already declared energy security as one of its most important priorities. Yet, with the exception of the successful launch of the European Energy Forum (a Czech–Slovak initiative) there was no real progress in this area. An older plan to establish a specialized V4 working group on energy was postponed. In addition, the planned meeting of ministers responsible for energy did not take place. In general, until the end of 2008 differences of opinion on energy related issues outweighed potential joint interests, given that Hungary and Slovakia traditionally recognized Russia as a reliable fossil fuel supplier and favored diversification of transport routes rather than diversification of supplies.<sup>28</sup> This situation changed quite abruptly with the Hungarian U-turn, which – especially after the “gas crisis” in early 2009 – meant that its views were closer to those of Poland and the Czech Republic<sup>29</sup>, with Slovakia standing somewhere in between). The “gas crisis” was perceived as being such a crucial factor that it was decided to organize a session of the January 2009 prime ministers’ meeting devoted specifically to this issue.<sup>30</sup> Energy was also the hottest topic at the meeting of the foreign ministers in May 2009 and then again at the official prime ministers’ summit in June 2009 in Krakow. Prime ministers agreed to establish a permanent high-level working group for energy security<sup>31</sup>, consisting of plenipotentiaries for energy security. The group convened for the first time in the fall of 2009. The group has been continuously active since then: for example, it developed a habit of meeting prior to the relevant council of ministers in Brussels. More importantly, it jointly worked on preparation of yet another prime ministers’ summit devoted to

<sup>28</sup> M. Kořan, “Visegrad cooperation, Poland, Slovakia and Austria in the Czech foreign policy,” op. cit., p. 118; M. Gniazdowski, “Poland’s policy in the Visegrad Group,” op. cit.

<sup>29</sup> See also M. Gniazdowski, “Poland’s policy in the Visegrad Group,” op. cit.

<sup>30</sup> “Premiéři budou jednat o pozastavení dodávek ruského plynu,” *Czech News Agency*, January 7, 2009.

<sup>31</sup> There is also another V4 working group on energy – Working Group for Energetics and the Energy Industry, which operates under the leadership of the ministries of industry and focuses on issues such as the EC energy liberalization package or gas supplies.

energy security, which took place in February 2010. It is important to note that due to the increased focus on energy security, the V4 moved from issuing mere declarations to cooperation that is more practically and thematically conceived. Thus, the February 2010 prime ministers' meeting was focused on connecting the energy infrastructure of the Visegrad countries with that of the Western Balkans (therefore, representations of Bulgaria, Croatia, Serbia and Romania took part in the meeting as well). Aside from the need to reduce external energy dependency (e.g. via massive political support for Nabucco), the prime ministers also agreed that it was necessary to enhance intra-Visegrad interconnectivity (especially in a north-south direction), to strengthen regional solidarity as part of energy crisis management and to increase gas storage capacity.<sup>32</sup> Indeed, the prime ministers' summit in February 2009 can be described as ground-breaking. It was concluded with an ambitiously sounding declaration, which was also co-signed by the Western Balkan countries and (with declared reservations towards nuclear energy) Austria as well.<sup>33</sup> The summit was followed by further V4 activity in energy security and prompted some unprecedented moves. One of them was a common V4 open letter to European Commissioner for Energy Günther Oettinger urging the European Commission to pay greater attention to the possibility that a complete stoppage may occur in the Druzhba pipeline leading from Russia and to plans to extend the energy infrastructure connecting the Central European region with the "old member" countries.<sup>34</sup> All these priorities were fully dealt with and implemented into the Czech V4 presidency program.<sup>35</sup>

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<sup>32</sup> "Premiér Fischer se účastní summitu V4 o energetice," *Czech News Agency*, February 24, 2010; "Fischer na summitu V4 vyzval ke snížení energetické závislosti," *Czech News Agency*, February 24, 2010.

<sup>33</sup> "Declaration of the Budapest V4+ Energy Security Summit, February 24, 2011." Available online: [www.visegradgroup.eu/main.php?folderID=1154&articleID=27720&ctag=articlelist&iid=1](http://www.visegradgroup.eu/main.php?folderID=1154&articleID=27720&ctag=articlelist&iid=1) [accessed on June, 22, 2011]; "2009/2010 Hungarian presidency: annual report." Available online: [www.visegradgroup.eu/main.php/main.php?folderID=1&articleID=29805&ctag=articlelist&iid=1](http://www.visegradgroup.eu/main.php/main.php?folderID=1&articleID=29805&ctag=articlelist&iid=1) [accessed on June 22, 2011].

<sup>34</sup> "Euro: Země Visegrádu chtějí po EK studii dopadu zastavení Družby," *Czech News Agency*, March 28, 2010.

<sup>35</sup> "Innovative Visegrad: Programme of the Czech Presidency of the Visegrad Group 2011 – 2011." Available online: <http://www.visegradgroup.eu/presidency-programs/innovative-visegrad> [accessed on December 4, 2011].

## The security dimension of V4 cooperation

No less important is the security dimension of V4 cooperation. This can be divided into two levels – political and technical. On the political level, the V4 countries have traditionally focused on supporting the NATO “open door policy” towards Ukraine and Georgia. This started to wane from roughly 2008 or 2009 onwards. Nonetheless, the Hungarian V4 presidency organized a large meeting of defense ministers of the V4 countries plus Ukraine, Macedonia, Serbia, Montenegro and Bosnia, and Herzegovina. Since 2009, however, much more attention has been devoted to negotiations on the new Strategic Concept of NATO. In September 2009 a meeting occurred between political directors, who sketched out the basic political priorities for the upcoming negotiations and these were later agreed and confirmed in October 2009 at the meeting of the defense ministers. The ministerial meeting also arranged a working group for the strategic concept, which met regularly at the Brussels NATO headquarters. With hindsight, it seems that the fact that the four countries were gradually able to agree to a common position was key, as in the past national security priorities were often starkly different, forestalling any fruitful cooperation and it is possible to say that due in part to the fact that agreement was found between the national positions, Central European priorities were by and large satisfied. In May 2011 another important political and symbolic decision on security matters was made when Polish defense minister B. Klich announced the creation of a Visegrad battlegroup under Polish command. The battlegroup is expected to become operational in the first half of 2016. The plan to establish a V4 battlegroup has been discussed for many years and has been set back many times. By April 2007 the ministers of defense had already agreed to create a Visegrad battlegroup consisting of 1,500 troops, planned as part of the European forces of rapid reaction. The battlegroup was originally set to begin operating after 2015 under Polish command.<sup>36</sup> In 2008, after months spent evaluating this plan, the decision was taken to halt preparations and begin anew in 2013. Thus it came as something of a surprise when in 2010, after reviewing the feasibility study by the V4 army Chiefs of Staff (July 2010), a recommendation was made that the defense ministers should support its creation. This recommendation was endorsed at a ministerial meeting in Levoča on May 13, 2011. This decision marks a real turning point and shows real progress being made. The same can also be said – with some caution – of the technical side of cooperation in security

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<sup>36</sup> “Communiqué of the ministers of defence of the Visegrad Group countries, Bratislava, April 4, 2007.” Available online: [www.visegradgroup.eu/main.php?folderID=1072&articleID=8309&ctag=articlelist&iid=1](http://www.visegradgroup.eu/main.php?folderID=1072&articleID=8309&ctag=articlelist&iid=1) (accessed November 12, 2011).

and defense. Since the beginning of the 1990s there have been endless debates and numerous attempts to launch common projects in armament acquisition and equipment modernization. In most cases, however, these projects failed to be realized due to a wide variety of reasons – particular national defense industry interests, a lack of finances which pushed the V4 countries to seek partners outside of the Central European region, etc. Despite the lack of tangible results, in 2007–2009 there were many consultations on both the political and the working levels. In March 2009 a strong-sounding memorandum regarding the common armament modernization project was adopted.<sup>37</sup> The end of 2009 saw a meeting of V4 national directors for armament agree to establish several working groups for specific projects for possible cooperation in the following areas: the chemical/biological/radiological/nuclear protection working group, the “twenty-first century soldier” working group, anti-aircraft defense working group and the strategic air-lift working group. These groups began holding regular meetings from 2010 onwards. Furthermore, in September 2010 the air-force commanders of the V4 countries signed a memorandum which identified four areas for further closer cooperation: training, cross-border flying, air traffic command and logistics. At the Levoča 2011 meeting the defense ministers also agreed that the V4 militaries should hold regular exercises under the guidance of the NATO Response Force, with the first such exercise to be held in Poland in 2013. As far as the success of at least some of these initiatives goes, we might also mention an important breakthrough, especially in the context of the heightened interest in a “sharing and pooling” approach to building up defense and security capacities. So far, experiences with cooperation in this particular area prompt more skepticism than optimism. Yet, it is clear that in the medium term the deeply rooted protectionism will lead more to the gradual liquidation of the thus far “protected” national army industries. Small national markets cannot secure contracts large enough to pay for costly innovations and development, which are absolutely essential to competitiveness.

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<sup>37</sup> M. Kořan, “Visegrad cooperation, Poland, Slovakia and Austria in the Czech foreign policy,” op. cit., p. 124.

## The Visegrad Group and Europe

The most important challenge, however, lies in the ability of the V4 to gradually learn to communicate and, where possible, to cooperate within the framework of the EU. Cooperation proved to be more or less successful during the Czech EU presidency in 2009 and in 2010 the Visegrad Group managed to further strengthen the communication channels within the EU, both on a working level in Brussels and on a political level before important council meetings took place. As a result the Visegrad Group was for example able to put several common initiatives before the European Commission. However, with the deepening crisis regarding the euro and – indeed – the EU, during the second half of 2011, it is becoming clear that V4 cooperation does not necessarily have to develop in a linear and progressive way. The current situation in the EU seems to be accentuating existing differences in the positions the individual countries hold on

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Europe. The rush of unfolding events within Europe has clearly exposed the indecisiveness, defensiveness and peripheral position of the three smaller V4 countries. The Czech government is politically motivated to steer the country to the edge of the EU periphery, where Hungary is already lingering, albeit for mostly economic reasons. Slovakia is the only V4 eurozone member; nonetheless, due to its marginal – and indeed quite unpredictable – role, it cannot be expected to play an active role. Poland – not only because of its EU presidency in the second half of 2011 – is advocating a pro-active approach that differs

from the rest of the V4. Thus, it is becoming evident that the individual Visegrad countries are providing different answers, strategies, ambitions, potentials and limits vis-à-vis the present-day challenges in the EU. It is no exaggeration to state that entrenchment of divisions over fundamental questions on Europe's future might give birth to serious difficulties for V4 cooperation. Some symptoms could already be seen during the Polish EU presidency. While cooperation on a working level was going very well, contacts on the political level were limited in comparison with the Czech EU presidency and, to be specific, on at least two occasions, Poland failed to delegate its representative to the level of the V4 meeting. Similarly, Poland chose not to participate in a common declaration of prime ministers in October 2011 regarding negotiations on the future financial perspective (thus the outcome of the summit was not a joint V4 statement, but

a V4 presidency statement). Poland did not join the Czech Republic, Hungary and Slovakia either in their attempt to urge Germany to adopt a more proactive pro-Serbian approach before the December 2011 EU summit.<sup>38</sup> Of course, there are different ways of looking at these symptoms – on the one hand, Poland is rightly preoccupied with itself and its EU presidency. In the same vein, Poland tries to play the role of an “honest broker” without adhering too much to regionally defined priorities. From this point of view, Poland might change its course after its EU presidency finishes in January 2012. On the other hand, Poland might in fact be setting out on a different course: one where it will do anything and everything to stay in the core of the EU and especially in the club of the EU’s “big states” (Germany and France, in particular) and therefore is not comfortable in the presence of the small peripheral countries like the Czech Republic, Hungary and Slovakia. From the Czech point of view it has always been necessary to stress that the three smaller countries should not be jealous of the “power” ambitions of Poland as its stronger footing and greater recognition in Europe in fact play to the hand of the whole region. However, this argument holds true only so long as Poland understands the regional priorities and adheres to them. The most recent developments suggest that this might not be such a rock solid case as has been believed. In any case – the answer to these puzzling questions clearly lies in the near future. The V4 awaits some important meetings at the beginning of the 2012 – the summit on the future financial perspective and the foreign ministers’ meeting on the Eastern Partnership. The financial perspective negotiations will be crucial for the future atmosphere of Visegrad cooperation.

### **Instead of a conclusion: Czech reflections**

We have looped back to the Czech Republic. This is because many potential problems lie in the erratic nature of Czech foreign policy. In terms of the future financial perspective, the Czech Republic virtually occupies two positions: defending robust cohesion funds and at the same time supporting a small and realistic overall EU budget. This renders the Czech position – at least in the eyes of Polish diplomacy – too unreliable and unpredictable and causes some reservations on the political level at least. The same applies to the overall Czech vision of the EU’s future which unavoidably seems to be obscure and incomprehensible to the outside world. Thus, the potential for a viable Czech Central European foreign policy are greatly limited by the lack of a general, broad and politically-defined foreign policy strategy, which could be shared and

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<sup>38</sup> Interview with a Polish diplomat, December 3, 2011.

executed by all the Czech foreign policy actors. Czech foreign policy lacks a general political framework for foreign policy. Central European policy is thus mostly driven by the Ministry of Foreign Affairs and its specialized departments, which act without a clear strategic framework.<sup>39</sup> Under these circumstances

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it is nigh on impossible to fully exploit the potential offered by favorable conditions in the Central European region for deep strategic cooperation. To capitalize on this potential would require looking at Central European politics from a strategic view of Czech foreign policy goals, limits and potential; thus far, this has been lacking. We should add that there is enormous political polarization and division (even within the recent government coalition) on EU affairs. Failure to adhere to a comprehensive strategic and political framework contributes to a tendency to act emotionally and for the short term, instead of taking into account long-term interests. There should be a comprehensive debate and strategy that considers the following questions: how can existing good bilateral

neighborhood relations and V4 cooperation be best utilized in order to advance Czech interests in European and security politics, and world politics; what can the Czech Republic contribute to the Central European sphere in terms of capabilities, ideas and inspirations and why; what role can the entire region play in European and world affairs?

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<sup>39</sup> M. Kořan, "Visegrad cooperation, Poland, Slovakia and Austria in the Czech foreign policy," op. cit., p. 119.

## Postcolonial economies

By Jane Pollard, Cheryl McEwan and Alex Hughes, eds, London and New York: Zed Book, 2011. ISBN 978-1848134041

The postcolonial approach has gained importance as part of literary theory and it is beginning to make its way into the field of economics. With very few writers having devoted attention to this topic, the editors of this volume, Jane Pollard, Cheryl McEwan and Alex Hughes, aim to “break new ground in providing a space for nascent debates about postcolonialism and its treatment of ‘the economic’” (p. 1). The chapters seek to “critique and enrich contemporary efforts to re-think economy, which tend to be rooted, empirically and theoretically, in Western-centered conceptions” (p. 3). They have three common elements that the editors highlight – first, the plural, contested and situated character of the “economic,” second, the interplay between culture and economy and the third, the aim of rethinking methodological challenges posed by anthropological approaches (p. 3–4). The authors refer to dependency theory as “something akin to postcolonial theory *avant la lettre* in Latina America” (p. 8) and praise the critique of economic development as a particularly fertile area for making connections between a postcolonial approach and the economy. The book is divided into three parts. The first (four chapters) deals with theorizing the economic, the second (three chapters) with the postcolonial understanding of the economic and the third (two chapters) with postcolonial economies and policy and practice.

The first contributor, Dipesh Chakrabarty, takes Kenneth Pomeranz’s *The great divergence: China Europe, and the making of the modern world economy* as the basis for his main idea that one should treat abstract categories such as land, price or labor efficiency as being filled with culture. Dismissing cultural relativism and arguing for the comparative method calls for a recognition of this duality of knowledge. On the one hand, abstract knowledge is useful and one should value it for it allows us to study the world. One should preserve it, with it the classroom, as a Kantian space that is abstracted from society and its struggles. On the other hand, one should not forget the ethno- (and mostly Euro-) centricity of the aforementioned abstract terms. Chakrabarty calls for scholars’ capacity to translate these terms into the culturally laden terms of different origin. What does “land” mean for the Australian Aboriginals? In the eighteenth century the Euro- and capitalocentric meaning of the word relating to property did not make sense to them. This category is thus both “a tool of disinterested analysis and at the same time a tool of ideological and material domination if not also of epistemic violence” (p. 31). Such terms need to be questioned.

In her contribution Eiman O. Zein-Elabdin very briefly examines the materialist critique of postcolonial theory. Against the main charge that postcolonial authors are not concerned with the material but merely with questions of personal identity and autonomy, the author reveals “economic moments” in the work of Said, Spivak and Bhabha. She criticizes Said for keeping the base/superstructure division between culture and the economy. After presenting the very few texts that treat postcolonial theory within the orthodox and heterodox realms of economics in some way, she turns to her main point, which is based on Bhabha’s Third Space and in relation to which Zein-Elabdin argues against dividing the economy off from culture and in favor of a “culture-economy link” (p. 39, 53). The whole ideal/material dualism of Enlightenment philosophy and its Weberian and Marxian followers is thus questioned. Within such a Third Space of culture-economy, the capital would be automatically decentered and the marginal culture-economies – “the four-fifths of the global population” (p.54) – could be adequately studied.

Roger Lee argues for an approach to economic geography that puts together the material and the discursive. “The material relations of economic geographies are not God-given; they are socially constructed” (p. 67). This construction materialized within the material consumption, production and circulation of value, which enables oppressive universalization. One example is taken from Tomo Suzuki’s “accountics” – “a hybrid of accounting and politics, which serves to transport a particular set of economic meanings and calculation from one location to another so enabling compatibilities between territories and, in consequence, requiring local adjustments and obliterating local meanings of economy” (p. 68). Similarly the category of “capitalism” is taken for granted to such an extent that other social phenomena are perceived through this perspective. Hobsbawm’s description of the “development of the world economy” is one such example of capitalocentrism. This leads Lee to follow J.K. Gibson-Graham and Eve Sedgwick in their quest for a weak theory “refusing to know too much” because “all theory is too simple to cope with the complex possibilities and constraints of ecological and social impulses in economic life” (p. 72). This weak theory should be accompanied (again as Gibson-Graham suggested) by “the performativity of our teaching and research” (p. 77). The ontological reframing needs to be followed up by generating possibilities of intentional (ethical) community economies.

Wendy Lerner uses her own biography to demonstrate the situatedness of knowledge. For her postcolonialism is “a political aspiration rather than a theoretical approach” (p. 84) and like the previous contribution she argues, together with R. Connel, for a “dirty theory” (p. 90) – not classifying things from the outside, but illuminating a situation in its concreteness. This leads her to support the study of the knowledge as it travels and rethink neoliberalism in New Zealand not as a result of Hayek’s thought or Reagan’s policy but as an endeavor undertaken by fired

telecommunication engineers who set themselves up as privatization consultants, or by former members of social movements who work on local partnerships with local and central governments. Her aim in these local stories is to show “that it always could have been otherwise” (p. 96). One may only welcome an approach that complicates the picture we usually get of almighty corporations and powerless governments, but would the result not be that, despite the workings of neoliberal governmentality that Lerner suggests we study, the unequal power would prove to be as deterministic as we thought it was before situated geographies?

Poet and scholar, Nitasha Kaul, introduces the second part of the book and follows Zein-Elabdin in her empirical account of a specific culture-economy link – the Janpath bazaar in New Delhi. She argues against the lack of culture in a market abstraction that is in some accounts transposed to the bazaar-market. Her very readable contribution is concerned with the bazaar’s affective dimension – full of loud, rhythmic calls, colorful displays, (un)pleasant smells, religious symbols, social customs, desire and sensuality. Kaul deals with two cultural-economic aspects of the bazaar – gender and the police. The oppression of women is counterposed by their agency (ironically followed by an example of the ubiquitous power of discourse as one woman stresses that she only has two children). Policing and especially planning in the New Delhi municipality here represents an oppressive structure that in accordance with the grand development narrative threatens the informal sector. Putting together theories and stories, Kaul ably shows how an abstraction (the bazaar-market) is actually a very real place of oppression and agency.

Hillary Lim, in her chapter, shows the orientalism of the legal discourse of the British state. She is concerned with two traditional islamic financial institutions – *waqf* and *hawala*. Her theoretical base is de Souza Santos’ postcolonial understanding of a map that “filters out those details which are determined to be unimportant for technical reasons, such as the requirement to be flat and the need for scale” (p. 131). For Santos, for instance, the “law of the oppressed” lies beyond the boundaries of most legal maps. Lim documents it well with law textbooks that perceive non-Western legal traditions as waiting to emerge into modernity even if they (as in the case of *waqf*) might be its predecessors. *Waqf* (similar to charity) and *hawala* (similar to long-distance transactions as associated with Western Union) are both on “the other side of the line” (p. 137), being lawless, a-legal or non-legal and often alleged to be connected to terrorist financing. Colonial thinking is thus still present, but the difference in the current postcolonial era is that the “beyond” on the map has been transferred to the heart of the metropolis.

In her contribution Cathy McIlwaine is concerned with the transnational migration from Latin America to London often via Spain. Her research seems to be an answer to the already mentioned criticism that postcolonialism does not care about the material. Here she suggests that “a postcolonial perspective can provide useful

insights into international migration experiences as long as an explicitly materialist interpretation is adopted" (p. 158). Her results, however, are not surprising. The material reasons for migration dominate and postcolonial history just makes the picture both more complicated and accurate. Despite the fact that McIlwaine mentions "agency" (p. 173) the material perspective remains crucial and the "lives [of migrants] will always be constrained by wider and deeper structural constraints" (p. 176).

Christine Sylvester places the postcolonial economic encounter back in its usual field of literary interpretation. In her analysis, she echoes a 2005 paper by Lewis, Rodgers and Woolcock on the fiction of development as she stresses the importance of fictional representation for "development" experts. Putting the postcolonial experience under the biopolitical lens she calls for the return of the individual rightly criticizing the participatory approach for always having already prepared role identities for its beneficiaries who usually do not fit these neatly cut categories. The illiberal form of trusteeship (and agency exerted against it) taken from Cowen and Shenton is then revealed in various postcolonial novels from the African continent. Struggling with self-reliance (p. 198) she calls for large schemes of social protection that do not rely on states and that could be the new New International Economic Order with its restructuring of aid and trade. The difference today would be the postcolonial emphasis on the individual. Besides the fact that individuals may form communities, this approach seems to put trusteeship back into the postcolonial tradition.

Patricia Noxolo ends the volume with her contribution studying how two moral economies – postcolonial international development and the globalized transnational market of the highly mobile professional worker – produce a difference in terms of value. As the volunteers, in the sense that they are moral gift-givers, are also transnational professionals at the beginning of their career paths, they produce a difference to the circulation of ideas, which relies not only on communication technologies, but also on the mobility of personnel. The racial difference is the context within which the hierarchies between people and ideas are based. Another way in which volunteers produce (neo-racist) differences is similar to the concept of the "brain drain," as the skills the volunteers allegedly possess "are constructed as the product of one relatively wealthy nation, and these, embodied by the volunteer, are 'transferred' to another relatively poorer nation" (p. 219). The difference between the wealthy and the poor in terms of skills is created through the volunteer. This is not so much the case with the moral economy of transnational professionalism, which is constructed as a global "level playing field" even if it obviously is not and many very skilled people cannot travel transnationally. Noxolo ends on a positive note and sees the long-term value of the experience in the uncomfortable, unsettled

ambivalence with which the volunteers have to live and which could be “the basis for a responsible attitude in a complex postcolonial world” (p. 222).

There are few critical remarks to be made in relation to these differing chapters. They are only very loosely connected and the volume would benefit from a more unified approach. The occasional treatment of the Global South as somehow being objectively less developed or developing (chap. 6, 7, 8) is rather surprising in a book on postcolonialism. What the author of this review perceives as its greatest lack is the insufficient emphasis on the connection between North and South throughout the book. The editors rightly claim that the dependency is (to a certain extent) postcolonial theory *avant la lettre*. As Cheryl McEwan in her book *Postcolonialism and development* states: “Postcolonial approaches arise from the fact that [economic, political and cultural] power still resides overwhelmingly in the West” and serves the interventions made by wealthy countries in other parts of the world (p. 9). It seems as if the main insight of the postcolonial approach to the economy should be its analysis in connection to culture. This certainly is of great importance and is very well demonstrated in the second and third parts; however, what seems to be missing is the connection between e.g. the bazaar or migration and the rich industrialized countries or the local elite. Yes, the bazaar is connected to the Indian state and migration is based on a materialist interpretation in the book, but the connection to the processes within the North – the gist of the postcolonial approach – is not emphasized sufficiently. On the other hand, the volume follows the “weak theory” suggestion very well and shows how fruitful an analysis of a concrete, situated problem might be. It would, however, help the reader to better understand what postcolonialism as “a political aspiration” (p. 84) might be if the authors in the second and third sections followed Gibson-Graham (as suggested in Ch. 3) in their call for generating possibilities.

That said, this volume is very useful as it shows that the postcolonial approach is very important for economics, that the culture/economy dichotomy is a false one, that our economic categories are Eurocentric, and that Bhabha, Said and Spivak are concerned with economic problems. The chapters on the bazaar, Islamic financial institutions, migration, and the economy of volunteering show the way forward for analysis that puts together culture with economy in an approachable way. This is very valuable at a time of financial crisis, which might lead to the questioning of neoliberalism but not to rethinking the fundamentals of our ethnocentric thought.

Tomáš Profant  
PhD student at the University of Vienna

## Contributors

**Péter Balázs** works at the Budapest-based Central European University, which he joined in 2005. During his professional career he served as the Hungarian ambassador to Denmark, Germany and the EU. He was also Government Representative in the European Convention drafting the Constitution, the first Hungarian commissioner responsible for regional policy, and foreign minister of Hungary. Alongside his government and diplomatic career he has been teaching and conducting research into international relations. He was nominated Professor of Corvinus University in 2000. His research activities are centered on the foreign policy of the EU and problems of late modernization and European integration of the eastern side of the continent.

**Leonard Geyer** is student assistant at the European Institute for Public Administration (EIPA). He is a BA European Studies student at Maastricht University. He joined the decision-making unit of EIPA in 2010. His work focuses on the Presidency of the Council and EU agencies.

**András Inotai** is an academic doctor in international economics. He served as a director general of the Institute for World Economics of the Hungarian Academy of Sciences (1991–2011), head of the Strategic Task Force Preparing Hungary for EU Accession Negotiations (1995–1998) and staff member of the World Bank, Washington D.C. (1989–1991). A. Inotai is a visiting professor at the College of Europe Bruges (1992– ), at Natolin (Poland) (1993– ), and at the European Online Academy, Berlin-Nice (2007– ). He is president of the European Studies (Europe 2002) Foundation (1999– ) and his main research areas include globalization, European integration, and comparative analysis of economic transformation in Central, Eastern and Southeastern Europe.

**Leszek Jesień** holds a Ph.D. in political science from Warsaw University. His interests include institutions, policies and the history of the European Union. He coordinates EU research at the Polish Institute of International Affairs and lectures at the

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Collegium Civitas University and the National School of Public Administration, both in Warsaw. He was formerly advisor on EU affairs to three Polish prime ministers, the Minister of Economy and to the Chief Negotiator for Poland's Accession to the EU.

**Sabina Kajnc** is a lecturer at the European Institute of Public Administration in Maastricht and a research fellow at the Centre of International Relations of the University of Ljubljana. She has authored several expert and academic papers and book chapters on Slovenia's foreign and European policy. Her current research focuses on issues of leadership and presidency in the European Union.

**Michal Kořan** is a head of research at the Prague-based Institute of International Relations and a 2012 Fulbright Visiting Scholar at the Weatherhead Center for International Affairs, Harvard University. He focuses on foreign policy analysis of the Central European countries, Central European sub-regional cooperation and Central Europe in European and World Affairs. He is the leading author of an annual publication analyzing Czech foreign policy.