Preference Formation in the New EU Member States
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1. Introduction

The Republic of Latvia basically has not been unique among the European Union (EU) member states that joined the union after May 2004. For the last five years Latvia has been adapting itself, building knowledge and contacts, and understanding of the interest implementation mechanisms in the EU institutions. Now discussions on country’s internal EU decision-making are shifting towards more internal re-evaluation and restructuring of the established decision-making and the EU issue coordination process rather than primary adaptation. Researcher Dace Akule also concludes that ‘With the learning phase of being a New Member State coming to a close, (...) [Latvia] will become stronger in defending its interests on EU level using all channels of influence, including the increasing number and qualifications of Latvians working in the EU institutions as well as the engagement of the nongovernmental sector’ (Akule 2009, 8).

Adaptation process with constant attempts to make the domestic EU decision-making more effective and professional with sometimes lesser political bargaining involved has dominated Latvia’s preference formation on the EU issues. Adaptation to the new situation and influence possibilities is taking place not only on the state institution and political level, but also on the non-governmental (NGO), municipal and business level. As one will see, this familiarisation process is also related with the interests pursued by the Latvian state in the EU. Namely, when joining the European Union state officials and the population saw the EU as a set of means for enhancing and accelerating Latvia’s economic development, production and overall life standards. Therefore interests formulated in economic and related fields have been pursued more active and efficient while in the sectors without clearly defined interests, for instance institutional issues, Latvia’s attempts have been less productive.

Therefore the aim of this paper is to demonstrate the basic aspects and tendencies of Latvia’s domestic EU decision-making and the procedural characteristics of interest defining. It is
important to outline the adaptation processes within the Latvian EU decision-making process first before concentrating on particular interests pursued for the period shortly before the accession and during the years of active membership. Respectively, first part will respectively deal with the preference formation and the decision-making while the second part will concentrate on the interests and issues pursued by Latvia within the EU.

2. Preference Formation and Decision-Making

The central body in the formation and coordination of the Latvian interests in the EU is the Ministry of Foreign Affairs (MFA) and the government bodies in general. Presidential power and interest in the EU affairs in everyday decision-making has been quite low. Same could be said about the Parliament’s (Saeima) involvement. More active participants in the EU decision making on the national level have been social partners – Employers’ Confederation of Latvia (LDDK) and Free Trade Union Confederation of Latvia (LBAS). Activities of municipal authorities and NGO’s have varied from issue to issue, mostly showing slow adaptation period to the new conditions. Same could be said on the influence of courts (especially the Constitutional Court). This situation has both its advantages and disadvantages that will be summarized at the end of this chapter after closer examination of main formations and influences on the domestic EU decision-making.

First, one could look at the role and ideological differences between the political parties. Ideological divisions in Latvia demonstrate somewhat unusual situation – since the regaining of independence liberal market oriented parties with conservative national ideas (not ultra-nationalistic) have constituted ruling coalitions. Since Latvia’s application for the EU membership in 1995 all the numerous coalitions, parties and governments have been supporting Latvia’s accession into the EU publicly motivating this choice as the country’s possibility of achieving welfare and re-joining the Western community. Therefore the only noticeable differences in Latvia’s positions on the EU issues could emerge from the party or individual politician opinion differences on separate issues. At the same time, common goal of
using the political and most importantly financial possibilities created by the EU to increase country’s welfare persisted. Nevertheless political parties expressing hard euro-sceptical opinions have not been represented in the Latvian Parliament or ruling coalitions. Parties that could be attributed to the soft euro-sceptic parties are ‘For Fatherland and Freedom/LNNK’ (represented in several governments) and ‘Union for Human Rights in a United Latvia’ (represented in Parliament, but traditionally an opposition party) have not been projecting major influence on the Latvian domestic EU agenda or expressed mentionable anti-Europe stances. Especially, since both parties successfully ran for the European Parliament elections.

Besides the overall consensus on Latvia’s interests in the European Union, farmers’ interests have been particularly promoted (with long time ministers in charge) by the ‘Union of Greens and Farmers’ participating in all ruling coalitions since 2002. Another main ruling political parties (with different periods of participation in the coalition) – New Era Party, People’s Party, LPP/LC as well as Harmony Centre Party (never officially represented in the ruling coalition) have had same overall supportive issue-specific perspectives towards the European Union. Simultaneously one should mention that the overall tendencies of party involvement in the EU decision-making process have been less than could be expected. In general one could conclude that parties have concentrated more on the domestic issues (see also Thomassen, Noury, Voeten, 2007; Mair, 2007), leaving the EU level for public administration to take care of. Of course, the European Union issues do not disappear from political party programmes neither on national nor European Parliament elections, but the issues emphasized are not directly related with the future of the EU or its policies, but Latvia’s abilities to secure its interests. At the same time, current financial crisis reveals tendencies of growing interest between political parties and politicians in general on the EU issues. This has not been influenced only by the European Parliament elections of June 2009, but also by the ratification of the Lisbon Treaty with the following increase of the role of the national parliaments on the EU matters.

Lack of strong euro-sceptic parties (several parties exist, but they have failed to achieve sufficient electoral results so far) though has not prevented the fall of the support of the
population for the European Union from 67% in the referendum of 2004 till the lowest support for country’s membership in the EU so far in the beginning of 2009, which constituted only 23% (Eurobarometer 2009, 95). This could be partially explained by the sudden beginning of financial crisis in the end of 2008 and results just reflected the overall attitudes of population on their lives as a 2% increase in the support was recorded in spring 2009. At the same, trust in national government constitute only 10% (Eurobarometer 2009, 73) and the Parliament - 6% (Eurobarometer 2009, 75) while the level of trust in the European Commission – 35% (Eurobarometer 2009, 116), the European Parliament – 40% (Eurobarometer 2009, 112) therefore demonstrating a paradoxical trust in the EU institutions rather than in the national politicians. This, however, does not translate into general support, interest and deep knowledge on EU matters.

As political parties have not been as active as they could have been in actualising and leading a public discussion on the EU issues, the greatest responsibility and influence has shifted to the civil servants and diplomats. This aspect at the same time has contributed to increasing centralisation and increasing influence of expert knowledge and efficiency in the domestic EU decision-making throughout the adaptation period.

The Ministry of Foreign Affairs coordinates the development of Latvia’s national positions in the EU issues, ensures the circulation of information and secures the voicing of Latvia’s opinion, prepares Latvia’s participation in COREPER meetings, Council of Ministers meetings in accordance with its responsible spheres and European Council meetings (together with the Prime Minister’s Office). In general, MFA coordinates and monitors the overall implementation of Latvia’s interests in the European Union while other state institutions control and secure the interest implementation in their respective fields. In addition, the obvious shift towards the increased control of the state officials over the EU agenda can be seen in the legal documents. Namely, ‘The responsible institution (...) submits the national position to the Saeima European Affairs Committee before its examination in the European Council or the Council of Ministers, before the examination of the issue in its terms in a working group of the Council of Ministers or committee or on another issue examination phase if it substantially affects Latvia’s interests’
(Cabinet of Ministers of the Republic of Latvia 2009). Even though the Parliament’s opinion is binding, the influence is shifted as Saeima examines mostly only positions for the European Council and Council of Ministers meetings that are the highest and sometimes the final level of discussion on the issues. Decision whether issue is important to Latvia on smaller matters are left for the ministries’ officials to choose. In addition to that, one can see that most of the EU related issues are being discussed in a single Parliament committee with only major issues (like Lisbon Treaty etc.) being discussed in a plenary session. These tendencies clearly show the attempts to make the domestic EU decision-making more efficient and more professional with lesser political speculations on every issue discussed in the EU.

The central body dealing with the European Union issues is Meeting of Senior Officials on the European Union Issues (VAS) which consists of representatives responsible for EU issues from all the ministries. In VAS, LDDK and LBAS are represented (through National Tripartite Cooperation Council) on the equal footing as the Saeima European Affairs Committee – both have consultative voice. With the same rights VAS is constituted also by the Latvian Association of Local and Regional Governments, Bureau of the Prime Minister, State Chancellery, Prosecutor General Office and several other institutions. NGOs at the same time can participate as additional experts. Ministries have central responsibility for formulating and implementing Latvia’s positions in their respective spheres. They also delegate their experts and attachés to the Permanent Representation of the Republic of Latvia in the EU (Permanent Representation) and are the central interest promoters on the EU level in their field.

Permanent Representation is the central body that coordinates, acquires and distributes information and on the expert level secures Latvia’s interests. Permanent Representation is considered as crucial body because of its know-how, experience and contacts. Even though it cannot be easily distinguishable which ministries have the most importance on the EU decision-making, MFA with its human and institutional resources (Permanent Representation structurally belongs to the MFA) and coordination function projects probably projects the most control over the EU decision-making. At the same time, MFA does not have the final say on every issue. Moreover, Ministry of Finance, especially during the major 2009 budget cuts, has
increased its influence over most of the decisions made on the EU issues. At the same time all the institutions with voting rights in VAS have the same influence as decisions are made by unanimity.

As one could note before - NGOs and social partners are relatively better represented in the domestic EU decision-making, while they have earlier access to the issues, but at the same time their opinion is not legally binding. Namely, ‘Opinion of the LDDK is important not only when national positions on the EU issues are developed, but also when a particular EU policy issue is transposed into national regulations’ (Egle 2008, 18) admits the secretary general of LDDK. Increasing collaboration between LDDK and various European level business lobby organisations like BusinessEurope and CEEP also demonstrates growing self-awareness and adaptation to the EU decision-making and interest lobbying practices through learning and contact building processes. LDDK also urges different Latvian businesses to join the organization in order to be able more efficiently represent their interests both on the national and the EU level. State can lack financial resources and even sufficient level of coordination as it was clearly visible in a situation with European Court of Justice case C-341/05 ‘Laval un Partneri Ltd v Svenska Byggnadsarbetareförbundet and Others’, while LDDK with its European level partnership could have assisted the Latvian company. Similar situation is also with the involvement of LBAS in the domestic EU decision-making and increasing integration with other trade unions from different European states.

NGOs follow the same influence pattern on the domestic EU decision-making as business and trade unions – NGOs concentrate on ‘active participation in the national position development, (...) as Latvian NGOs still cannot be considered strong enough that they could defend their interests in Brussels on their own’ (Rudzītis 2008, 27). Mostly a present lack of resources and influential contacts on the European level make NGOs involve more actively in the domestic EU decision-making. Current economic recession is causing some structural changes in the activities of the Latvian business interest representatives and NGOs, them becoming more and more active contributors to the Latvian interest formulation. Activities of LDDK and NGOs are also much related with the particular issues discussed.
This involvement of NGOs and social partners is a responsibility of the respective ministries. Ministries inform social partners and NGOs on the development of the national positions and invite them to participate in various working groups on the issues they are interested in. Active participation of the social partners and NGOs in the domestic EU decision-making is related with both lacking resources and ongoing obtaining of a status and image on the European level. Latvia has no major companies that could project their influence on the EU level on their own. At the same time companies having influence most likely address political rather than formal institutional level in their interest promotion on the domestic level. Basically two organizations that are more influential on the EU level could be distinguished because of their developed strong ties with the similar EU level organisations. Those are LDDK and Cooperation Council of Agriculture Organisations. Lobbying possibilities of these organisations sometimes exceed the resources, contacts and even knowledge of the respective ministries.

President’s influence in Latvia mostly depends on the personality and President’s activity in the EU issues. Overall President’s involvement has been formal and observational. This is caused by the Parliamentary state system where President’s role is mostly representative. The only exceptions are the rights to return laws adopted by the Parliament for review before signing them and rights to initiate normative acts. President is a representative figure that plays role in official meetings or by giving speeches in the European Parliament sessions etc. The President of the Republic of Latvia also does not bear political responsibility and all his orders should be co-signed by the prime minister. At the same time the President can initiate discussion or call a government session in order to raise issues related with the European Union. Present history has shown that Presidents are more active and express their opinion mainly on general or fundamental issues related with the EU. Latvia’s targeted adoption of the Euro currency could potentially be one of the interest points of the President.

Situation with municipalities and regional level in Latvia in relation with the domestic EU decision-making has demonstrated overall lack of influence. As Latvia is a unitary state, municipalities have lesser effect on the national decision-making level. On the national level municipalities are concentrated on the EU financial fund assistance projects. Lack of human
resources and experience has caused the situation that municipalities are more actively involved in acquiring the resources from the EU funds than defining their interests on the domestic EU decision-making level. In addition to that, municipal reform that has been taking place over the last decade creates uncertainty inside the municipalities that holds them back from active definition and promotion of their interests even though the Latvian Association of Local and Regional Governments has been quite active through establishing a permanent representative office (with one employee though) in Brussels.

The Constitutional Court has been the only judicial institution that has had direct influence on the Latvian politics in relation with the European Union. Namely, the Constitutional Court in April 2009 found the parliamentary ratification procedure of the Lisbon Treaty legitimate and compatible with the Latvian Constitution (Satversme) after a political group of euro-sceptics contested it. Role of public opinion also has not been as influential in the domestic EU decision-making as it could have been. No referendum on the EU issues (except for the accession referendum in September 2003) have taken place in Latvia. Otherwise public opinion has not served as veto factor in the domestic EU decision-making.

Therefore it can be concluded that the institutional balance created in the domestic EU decision-making in Latvia during the 5 membership years has been and most likely will continue to be aimed at increasing professional, constructive approach of country’s representatives and experts towards national positions and their presentation on the EU level. Adaptation process is characterised by the learning, contact and cooperation building with the other EU member-states and the EU institution personnel, creation of positive, constructive image of Latvia, and lesser ‘politisation’ of the EU decision-making. Social partners and NGOs obviously are considered as more constructive partners than politicians and the Parliament. Creation of Latvia’s image as a constructive partner and cooperation seeking behaviour has been a rational approach towards new multilateral conditions country officials should operate in. As the director of the EU Coordination Department in MFA Guna Japiņa concludes ‘After Latvia’s accession into the EU, Latvian representatives in the EU quite naturally were without accumulated proper experience, knowledge and skills to lobby Latvia’s interests actively and
effectively. Then it was fundamental to study and understand all the discussion formats and lobbying instruments as well as create an adequate national coordination system’ (Japiņa 2008, 14). Adaptation process especially accelerated by the current massive public expenditure and job cuts is coming to its relative end (as Latvia has had to operate in a self-established and yet constantly changing EU environment) and factors influencing Latvia’s interest formulation and implementation on the EU level are shifting. Therefore more constructive and fluent cooperation mechanism between the state institutions and private sector (including lesser distrust) should take place.

Since Latvia became a full member of the EU it has followed both types of European affairs coordination mechanisms (see Melngaile 2003): systematic – well organised and precise cooperation and coordination between national government and permanent representation level, as well as romantic – greater influence is given to the permanent representation and the representative himself in defining and pursuing country’s interests. In Latvian case – both approaches are intermixed in order to lessen the national political bargaining and increase a constructive, consequent and timely articulation of Latvia’s position. Lack of human resources and still needed increase in efficiency of state institutions (especially in the ‘EU-awareness’ in municipalities) is still an issue to cope with.

3. Interests and Issues Pursued by Latvia within the EU

‘(...) Despite possible first impressions of country’s overall passivity in EU decision-making, Latvia has been active and in many cases successful in achieving that the final outcome takes into account country’s demands,’ (Akule 2009, 8). Namely, Latvia has been active and has achieved good results in situations when common domestic interests (both between state institutions and social partners, NGOs or farmers interests, for instance, and between state institutions themselves) have been clearly defined and consensus on vitality of those interests was reached. Therefore the external image of a country that follows wait-and-see type of policy in the EU decision-making if its interests are not directly affected could be beneficial.
Throughout the five year period of Latvia’s membership in the EU main areas of interest can be easily defined. Those mostly include the EU structural and cohesion fund issues, Common Agricultural Policy (CAP), EU-Russia relations, European energy policy, the EU Strategy for Baltic Sea Region, European External Action Service and role of the EU in the world, European Neighbourhood Policy, the Euro-adoption etc. As Latvia’s Foreign Policy Guidelines 2006-2010 put it then ‘Latvia's strategic goals in the EU are to strengthen the EU’s unity both in internal processes and in its external policy; to enhance the EU’s global competitiveness; to increase the level of economic development and social welfare in Latvia as quickly as possible, and to preserve and strengthen the country's cultural values’ (Ministry of Foreign Affairs of the Republic of Latvia (MFA) 2006).

In the beginning one should look at the overall Latvia’s stances towards the European Union and its institutional issues. Latvia has increasingly supported the Europeanization process and both deepening and widening of the European Union. As Latvia is a small country it is in its interests to support strong and influential European institutions (European Commission in particular). European Commission and common policies (especially Common Foreign and Security Policy) is considered as an opportunity for a small state to enhance its international role and interests. Strong, united European Union has been seen as a goal for all of the governments since Latvia became a candidate country and after joined the EU. Strong and efficient EU is viewed and supported in order to balance out the growing economic powers in Asia and Latin America.

Latvia has supported the Constitutional Treaty (ratifying it in the Parliament after French and Dutch voters rejected it), Reform Treaty and the Lisbon Treaty. Latvia has considered Lisbon Treaty as a necessity to increase the well-functioning of the EU and its capacity to increase its political influence. Therefore institutionally Latvia supported the creation of the ‘EU Foreign Minister’ post, European External Action Service (EEAS) and one-voice foreign policy of the EU. Latvia also has not had problems with security and defence issues as they are seen as just an additional mechanism to increase country’s security. Initially Latvia was critical towards creation of a President of the European Union post as it was seen as move towards federalism.
The Baltic country has opposed federalism tendencies in the EU, seeing them as disadvantageous for small states in the union. Latvia has opposed also a fragmentation and multi-speed Europe idea because of concerns that Latvia as one of the poorest EU member-states could become a peripheral inside the Union. This is also related with the advocacy of deepening of the integration and lately strongly supporting the Baltic region integration plans. Equality of member-states and at least formal powers to participate in all of the EU policy-making activities has been important for Latvia. Therefore country has advocated the ‘one country-one Commissioner principle’ (with changing attitudes towards this though), increasing number of Members of the European Parliament for small states. At the same time, Latvia understands that for an effective national interest defence more beneficial is the Council of Ministers and the European Council, where it is easier for Latvia ‘to be heard’. The European Parliament has different functioning principles and Latvia is qualitatively less represented (centralised government decision-making model has lesser influence on the politicians working in the European Parliament). Latvia supports the preserving of the exiting institutional balance between the European Commission, the European Parliament and the Council as any possible shifts could create risks of loosing influence for such a small country as Latvia. Preserving the importance and influence of the European Commission is essential, but as this paradigm could possibly change if the Commission for some reason will start to fail acknowledging small member state interests. Now after the Lisbon Treaty has entered into force and the role of the European Parliament has increased, growing interest of Latvia to look for ways to implement its interests through and within the European Parliament should be observed.

EEAS is seen by Latvia as a combination of new opportunities to extend country’s own diplomatic and political presence in the world regions Latvia has not been represented yet. Namely, as a small and relatively poor country Latvia lacks human and financial capacity for rapid expansion of its diplomatic relations. Current financial reductions have severely affected the MFA and the number of diplomatic service employees abroad has been dramatically reduced with additional closing of up to 10 consulates and embassies still planned. These obstacles make Latvia look for alternatives and one of the central goals country advocates is its
presence in the EEAS and the geographical representation of all member-states in general as well as delegating the EEAS consular responsibilities. As Latvia’s accession into the Schengen Agreement zone was considered as one of the main goals for the country because of additional possibilities and freedom of movement, also the provision of the EEAS with consular duties would serve a similar purpose.

As mentioned before, Latvia’s key interests are in the acquiring resources from the EU funds and CAP ‘health check’ to even out the subsidy payments between the ‘new’ and ‘old’ member states. EU Structural funds (European Regional Development Fund, European Social Fund) and the Cohesion Fund are seen as the cornerstone for Latvia’s economic and social development. Therefore major human and administrative resources are allocated to acquire the available financing. As the amount of available funding strongly exceeds the EU membership payments, Funds have traditionally been used as one of the arguments for Latvia’s membership in the EU and have been, of course, widely accepted by the public (while Latvia still remains one of the poorest countries in the EU) and therefore emphasized by the political parties and governments. Thus every time when mass media actualise the issue of Latvia not being able to absorb all the designated financing a widespread public dissatisfaction can be observed. Similar situation is also in the area of agriculture and CAP concerning the unequal payments to Latvian farmers compared to the other states.

In relation with the EU budget review, Latvia advocates an early start of the debates that could allow countries to discuss the principles and priorities more qualitatively. And of course Latvia is mostly interested in the Cohesion policy, CAP and energy policy issues within the budget review. In Cohesion policy Latvia considers that the central principle should be the evening up between less developed regions (convergence regions) and the rest of the EU (counting that Latvia as a poor country with even poorer regions within should benefit). The main criteria for resource allocation at the same time should be gross domestic product per capita in purchase power parity standard. This together with more focused Cohesion policy that would be concentrated on the social-economic problem solving would make policy more efficient and of course benefit Latvia and other ‘new member-states’.
In relation with the CAP again Latvia’s priorities have been similar to other ‘new member states’. Namely, securing of equal conditions for all the member states that are also stipulated in the accession treaties is seen as main goal of Latvia in the CAP at the moment. Strong farmer lobby (according to 2007 data about 7.4% of employed are in agriculture sector) together with public support for national agriculture makes equal payment issue crucial for politicians and state institutions pursuing Latvia’s interests. ‘This is a very sensitive issue for the country because currently Latvia receives the lowest direct subsidies per 1 hectare of farmland in the EU. According to some provisional calculations, due to differences in direct farm aid when compared against the EU-27 average, Latvia will lose EUR 1.59 billion by 2013’ (Akule 2008, 32).

One of the central problems Latvia copes with within CAP is the historical reference indicators. Namely, payments are calculated according to the 1998 data that do not resemble the adequate situation. Latvian farmers’ organisations, as noted before, together with colleagues from other member states are quite actively lobbying this issue in Brussels parallel to the official government activities. This situation is advocated as creation of equal competition between Latvian and other member states’ agriculture production in the market.

Together with other ‘new member states’ Latvia has been also active in relation with the tax harmonisation issues. Even though Latvia has supported harmonisation of indirect taxes, it has been also a vivid opponent to harmonisation of direct taxes within the EU. One of the reasons for this is related with another interest – Service Directive. Latvia has been and still is advocating integration and harmonisation of administrative regulations in order to introduce free movement of services principles and less protectionist measures in the sector. Latvia’s central motivation for this is the scale of employed in the service sector and services being the main export of Latvia. Lesser protectionism would allow Latvian companies competing for contracts in other member states and therefore increase competitiveness and reduce the consumer prices in the whole Union. Latvia still supports ‘country of origin principle’ even though country had to step back at the initial discussions on the Service Directive in order that the regulation would be adopted in general. The tax harmonisation, service exports and
spheres like social policy harmonisation are crucial for Latvia’s open, liberal market economy in order to increase country’s competitiveness in the EU.

Energy policy issues are strongly related with EU-Russia relations and relations between Latvia and Russia in particular. The Baltic States are still ‘energy islands’ inside the European Union energy market because of historical infrastructure connections only with Commonwealth of Independent Countries. Energy security has become an urgent topic in Latvian politics because of volatile character of Russian supplies and the frequent use of the economic and energy issues as a political instrument. Latvia is fully dependent on Russian gas supplies (directly) and on most of the oil supplies. Therefore Latvia, together with Estonia and Lithuania advocates common European Union energy strategy and policy. Energy issues are, of course, related also with the EU-Russia relationship and also Eastern dimension of the European Neighbourhood Policy (ENP). Latvia supports constructive partnership relationship between Russia and the European Union states as long as the EU level takes into account Latvia’s opinion and interests. Reason for this is not only dependence on the Russian energy supply (especially after Ignalina nuclear power plant in Lithuania was shut down at the end of 2009), but also because of historic relations between both countries. Even though the relationship between Latvia and Russia has become more constructive in recent years, Latvia still fears Russian influence in the Baltic region and also the whole European Union. At the same time the EU membership is viewed as an additional mechanism of building constructive and mutually beneficial relationship.

Energy issues together with balancing out Russia’s influence politically and bilateral development cooperation activities motivate Latvia to participate more actively in ENP and Eastern Partnership policies. Latvia supports the European Union enlargement process also including Eastern Partnership countries. Even though Latvia does not depend on gas or oil supply transit countries like Ukraine, political reasons and alternative energy supply routes through Ukraine are seen as important. Simultaneously Latvia looks for energy security also in the other direction, ‘another area in which there must be serious work is the integration of the Baltic energy market with those in Scandinavia and Central Europe. Integration in the Baltic
region has been uneven. Trade and transport in the region have developed rapidly. The energy market, by comparison, is stagnant’ was noted by the President of Latvia addressing the European Parliament in January 2009 (Chancery of the President of Latvia 2009). This again leads to the EU Strategy for Baltic Sea Region. Latvia sees the new regional policy as possibility both for enhancing cooperation between the Baltic region countries that could help solving issues like energy, increase region’s global and European level competitiveness, contribute to education, research and culture aspects, solve increasingly important environmental problems, as well as enhance public security (MFA 2009).

4. Conclusions
Latvia is a small country with a small administrative and human resources as well as with minor influence on the EU level, thus it has to concentrate on the most important issues, interests it has. In order to fulfil itself country has to be constructive and credible partner. Credibility depends on the expert knowledge and capacity to demonstrate oneself as an expert. Therefore some additional structural and institutional changes in the ministry apparatuses would be beneficial in order to increase and shift formal activities from expert knowledge consuming offices. Greater strategic planning would be an advantage as current strategies and interests formulated and pursued are whether too broad or too issue-specific and lacking the clearly defined connection between them.

Two tendencies have been present – unwillingness of political parties and politicians actively to discuss a wide range of the EU issues and interrelated unwillingness by the state officials to engage politicians into every activity related with the EU. Business groups, trade unions, NGOs during the first five year adaptation period have been struggling for more influence on the national EU decision making that would exceed only the formal one. At least in the case of major players they have succeeded. The problem itself has been caused also by the reluctant attitude of the ministries towards any other participants in the decision making process, that at the same time is the consequence of an engagement in ‘turf wars’ between themselves. Described formal decision making procedure at the same time does not always exclude
exceptional adjustments and more chaotic informal structure and ways of influence on the
decisions made on the EU issues in Latvia.

Latvia’s relative political stability in relation with the interests in the EU has allowed setting and
defending major interests even though still going through adaptation phase. Latvia’s interests in
the EU have been generally aimed at attracting financial resources from the EU funds. This
tendency will persist not only because of severe economic crisis, but also the will to secure
financing for energy market reforms, infrastructure for the next budget period. Nevertheless
Latvia’s activities in CAP, tax harmonisation, the EU Strategy for Baltic Sea Region, energy issues
and other fields require cooperation with other European Union member states and/or
attraction of multilateral mechanisms as Latvia does not have sufficient influence and
instruments on its own.

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1. Introduction

The literature of Europeanization which was developed in the last years to study the effects of EU over the domestic realities includes a subfield dedicated to institutional frameworks that manage the countries’ positions in the EU. One model was developed by G. Laffan (Laffan, 2006) who studied comparatively the internal frameworks of Finland, Greece and Irland. Other scientist focused on the effects of EU over the internal political process, concluding that Europeanization empowered some actors over other, for instance the core executives over the Parliaments. In this paper we will apply the model developed by Laffan for the Romania`s case, following four characteristics:

1. The development of a core executive which manages the decision making (country`s position)
2. Prime minister led / foreign minister led models
3. Inter-ministerial Structures and solving the differences procedures
4. Core Executive–Parliament Relations

We also added to this model another characteristic which seem to be highly relevant for Central and Eastern European countries (CEE), testing it for Romania:
5. Civil servants versus politicians.

1.1 Core executives

The academic argument says that a tendency occurred in EU member states of coordination and centralization within the government because of:

- complexity of EU legislation
- complex bargaining mechanism faces by the governments in Brussels
- necessity to integrate various sectorial expertise (Lippert et al, 2000; Laffan 2006)

Thus were created the so called ‘core executives’, an effect demonstrated both in the old member states (Laffan for Ireland, Greece, Finland) and in CEE even before the accession (Lippert et al covered Czech Republic, Estonia, Hungary, Poland and Slovenia). The core executive consist of ‘designated governmental roles and supporting organizations with constitutional, political and administrative responsibilities relating to the management of domestic government and the coordination of public policy making on Europe. In all states, the coordinators consisted of the prime minister, the cabinet, the foreign ministry, European ministers if they existed, the permanent representations and missions in Brussels, and new offices and committees established to manage EU matters. (Laffan, 2000: 692). In Estonia and Czech Republic this core executive included around 100 persons (Lippert et al., 2000).

Although a general reality in all EU countries, the literature also underlines that the emergence of the core executive was particularly visible in CEE and its role even more preeminent than in the older MSs. Lippert et al. explain this by stake of European integration as a political process and the massive task of adopting the acquis. Being such a political priority, the process of empowering core executive was not challenged by other actors (Lippert, et al. 2000). Some approaches favours the EU demands as the main factor to push for a core executive, arguing that EU’s demands and conditionalities favoured the concentration of efforts on a small team with large managerial powers (Grabbe, 2001). Other theories include the EU-oriented core executive into a larger process to rebuild the coordination function of the central government after communism. Europeanization of CEE temporarily overlapped with the transition and the state rebuilding process. The former institutional arrangement favoured the dominance of the Communist Party over the ministries thus creating a weak Centre of Government (CoG) with little control over the departments. The state rebuilding meant the empowering of the prime minister and the finance minister, which went in the same direction with the Europeanization push for a core executive (Goetz and Wollmann, 2001). The core executives were of course
maintained after accession and some research data showed their effectiveness in managing EU affairs. Zubek used transposition data in Poland to prove that the institutionalization of a strong domestic ‘European’ core executive positively affected the extent to which Polish ministers and departments complied with EU legislation transposition commitments (Zubek 2005).

1.2 Prime Minister / Foreign Minister
This second point analyses the internal structure of the above described core executive. Laffan makes the difference between the systems led by the prime-ministers’ offices and those led by foreign ministry. Finland is an example for the first model while Ireland and Greece for the second one (Laffan, 2006). In theory, the prime-minister led model is more focused on domestic field and is more effective in coordination task since the chief of the executive is better places to control the line ministries. The foreign ministry model is more focused on EU demands and constraints (op. cit).

1.3 Inter-ministerial structures and solving the differences
One of the main tasks of the core executive is to coordinate various ministries and agencies that may be involved in EU matters, depending on the issues on the agenda. Given the natural fragmentation of the bureaucracies at both EU and national levels, interministerial structures were necessary to manage cross-cutting issues (op. cit.). In some cases, the sectorial agencies are coming up with different views and the core executive may act as a referee. These inter-ministerial structures were highly institutionalized in Finland and acted rather informally in Greece (op.cit.).

1.4 Core Executive–Parliament Relations
The literature on Europeanization observes a general tendency of EU integration to empower governments over parliaments. Andrew Moravcsik argued that traditional foreign policy prerogatives favor the executive and EU reallocates political resources by changing the domestic institutional, informational and ideological context. This reallocation generally favours
those who participate directly in international negotiations - the national executives. The governments are favoured by:
- the initiative (the executives have the initiative in international cooperation and they set the agenda);
- institutions (ratification of treaties is formal; Parliaments and other actors have a take-it-or-leave-it decision);
- information (executives have privileged access to information);
- ideas (executives can frame issues in ideological terms, saying that rejecting a policy already negotiated could affect countries’ prestige).

In Moravcsik’s view, EU is de facto a complex arena for intergovernmental bargains which permanently reinforce the empowering of the executives over the Parliaments. As a consequence, the EU member states have to develop internal mechanism to involve the Parliaments into the process, against the natural tendency to exclude them. Laffan proves that this is the case in Finland, with its highly institutionalized mechanism to involve the Parliament (Finish parliament’s mandate is not binding as is the case in Denmark and Austria, but it carries political weight). The opposite is true for Greece, with a weak role for the Parliament (Laffan, 2006). The discussion is even more relevant in Romania and in EU as a whole after the Lisbon treaty, which includes national parliaments in drafting EU legislation.

1.5 Politicians versus civil servants (in CEE)
We included this last factor into the model because we considered it particularly relevant for CCE countries. Previous research showed that the task of negotiating EU accession and in the same time transporting EU legislation was perceived largely as administrative rather than political (debate was not expected). Thus high ranked civil servants (stability, expertise) were better positioned than politicians (political instability, high turnover of political appointments, limited knowledge) (Grabbe, 2001).
Laffan’s comparative model concludes that there are two variables able to explain countries’ performances within EU:

– the degree of institutionalization;

– the relationship between the formal and informal processes.

Both Finland and Ireland (higher institutionalization, better relation between formal and informal) outperform Greece as negotiating power in EU, although Greece has more formal power (according with its population) (Laffan, 2006).

We will analyze further in this paper the Romanian institutional framework and its functioning in practice following the four characteristics proposed by Laffan and the fifth one we proposed in the above described model. We will later draw some provisional conclusions about the degree of institutionalization and the relationship between the formal and informal aspects and we will end with some considerations about the effects on Romania’s capacity to influence EU policies and the nature of the policies Romania tried to upload to EU level.

2. Romanian institutional framework (formal aspects)

Before accession the Romania – EU negotiation process was managed commonly by a European Integration Ministry and the Foreign Affairs ministry. A government decision (no. 115/Jan 2008) reshaped the framework at the beginning of the 2008. The former Integration Ministry was downgraded to a Department for European Affairs (DAE), directly subordinated to the prime minister. It is led a by a politically appointed state secretary (for the first half of 2009, due to political circumstances, the head of DAE a state secretary with ministerial status, meaning he was not a minister, but considered part of the cabinet). Besides DAE, the institutions involved accordingly with the decision no 115 are: the Foreign Affairs Ministry (MAE), Economy and Finance Ministry (MEPF – later split in Finance Ministry and National Economy Ministry, further referred as Finance Ministry - MFP), other ministries and agencies involved in a case by case method, depending on policy area.

DAE, MAE and MFP constitute the permanent core executive, or the inner circle in Laffan’s terminology, which is completed with important ministries that oscillate between inner circle
and outer circle depending on the issues discussed and their importance on the agenda: Agriculture, Justice, Home Affairs ministries.

The formal institutional framework is hierarchically organized on three levels:

I. Political decision makers gathered in the *European Affairs Council* (from now on `The Council`)

II. High ranking bureaucracy - *European Affairs Coordination Committee* (from now on `The Committee`)

III. Low ranking bureaucracy – working groups at ministries level.

### 2.1 The Council

- Directly subordinated to the Prime Minister
- Chaired by Prime Minister or a replacement designated by him.
- Monthly meetings
- Participants:
  - Compulsory participants: Foreign Affairs minister, Head of DAE, Finance Minister and ministers in charge with the policy areas that are on the agenda.
  - Guests: other officials with possible interests in the agenda; permanent representative of Romania to EU can participate following a common decision of MAE and DAE.

Council`s formal functions:

- Establishes Romania’s priorities as EU member.
- Analyses and takes measures to implement EU legislation or other Romania’s obligations
• Approves the top level position papers (the so called “mandate generale”, which differ of the simple “mandate” approved by Committee).

• Acts as a referee between institutions when different opinions are expressed and the difference was not solved within the Committee.

2.2 The Committee

• Goal: to insure inter-ministerial coordination

• The government order establishes that it is coordinated by DAE but no subordination relation mentioned.

• Formally attended by State Secretaries (politically appointed) and ‘in exceptional situations’ they could be replaced by the General Directors (highest ranking civil servants)\(^1\).

• The Committee is chaired by the head of DAE with the exception of “those issues concerning EU’s external relations and security”. In this case the session is chaired by MAE\(^2\).

• Weekly sessions, each Monday.

Committee’s formal functions:

• “Prepares Romania’s positions” for European Councils, EU regular Councils and COREPER

• Ensures inter-ministerial coordination

• Analyses the differences of opinions between institutions, which were not solved in the working groups and it makes the decision.

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\(^1\) In practice directors’ participation is the rule.

\(^2\) As the sessions include issues from various fields in practice each session is co-chaired by representatives of MAE and DAE.
• Formally if the difference cannot be solved within the Committee the later raises the issue for the next Council’s meetings. In practice this was not the case even in the were serious divergences (see below the case of GMO)

2.3 The Working groups
• Participants: Middle and low ranking civil servants which are in charged with each dossier.

• Constituted at the initiative of each ministry or at DAE initiative.

• Compulsory membership: DAE, MAE and ‘if the case’ Finance Ministry

• Coordinated by ministry in charge or DAE, or MAE (for foreign affairs issues)\(^3\)

2.4 The External expertise
We call ‘external’ in this context the expertise provided by people and organizations outside the executive. The government decision stipulates only in the section concerning the ministerial working groups the possibility to invite experts belonging to Romanian Academy, Romanian European Institute, Universities and Think Thanks. It is not clear why the decision did not include this possibility for the Council and Committee sessions. But at the same time this possibility is not excluded. The advocacy and lobby activities are not at all regulated by this decision or any other piece of legislation on EU policies formulation (although we have evidence that companies are lobbying intensively at government level - see the GMO study case above). Romanian European Institute is a government organized non-governmental organization (GONGO). Its nine-member board is appointed by the Prime Minister (4), the Romanian Academy (1), Parliament (1), business associations and trade unions. In cooperation with the ministries and coordination of DAE, IER establishes each year some research priorities. Its studies are made by independent experts (usually from Romanian Academy and

\(^3\) Vague phrasing in the government’s decision.
universities). It is not clear the impact these studies have in creating Romania’s positions. Although two such cases mentioned in our interviews further research is necessary on this point (*if considered relevant*).

### 2.5 The Parliament’s role

The government decision stipulates that the written conclusions of the Council are sent to the Parliament “for information purpose after being agreed by all central public administration institutions”. The Parliament is only informed by the Council after the decision was adopted and it is not mentioned a formal participation in the process. At the lower level, the Committee sends to the Parliament the list of position papers (‘mandate generale’) to check if some parliamentary feedback exists. For a government decision which includes many details on other aspects, the Parliament is largely absent in the formal structure.

### 3. How is this framework functioning in practice

#### 3.1 Presidency – the missing actor

Although the Romanian constitution gives the president supervision role in foreign affairs and security issues, the 2008 government decision does not include the Presidency in the EU institutional framework. It is not represented either in Committee or the Council. The ministries do not have the formal obligation to inform the Presidency. This creates a discrepancy between the Constitution and the government decision on one hand and between the formal framework and practical functioning on the other hand. The current Romanian president Traian Basescu was active in the foreign affairs and EU fields. The most probable explanation for the exclusion of the presidency is the internal political context of 2008 (*this hypothesis remains to be tested by further interviews, the former foreign affairs minister Adrian Cioroianu will be interviewed for this research*).

The minority government of Calin Popescu Tariceanu was involved in 2007 - 2008 into an open conflict with president Basescu and it governed with the support of social democrats in parliament. The president was practically sidelined from the day to day policy formulation. In
the EU field this political conflict was translated into the above described institutional framework which excludes the Presidency.

But in practice both DAE and MAE kept the communication channel with the Presidency open and sent the agenda and the document papers to the EU affairs department within the Presidency.

The political context changed at the end of 2008 and Basescu’s Popular Party made a grand coalition government with the social democrats. Although both DAE and MAE were controlled by social democrats, the role of the presidency sharply increased “We included them into the process and took their feedback without being necessary to modify the legislation” – DAE official

In conclusion the presidency is an actor of the process without being formally involved, its role being totally dependent on informal and political arrangements.

3.2 Who leads the process?

It is difficult to integrate Romania on the PM versus Foreing Affairs Ministry-led model developed by Laffan. DAE is subordinated to the prime-minister but it is not part of his cabinet. In practice, DAE and MAE are equal actors into the process and their relation with the prime-minister depends on political and personal factors rather than on institutional arrangements.

The formal framework is based on the assumption of permanent collaboration and coordination between MAE and DAE. They both have to agree on the agenda of the Council, they both have to agree on the agenda of the Committee and of the working groups, and they both have to chair the Committee sessions and the working groups.

The functional difference between DAE and MAE should be given by the topic. Foreign Affairs, Security, EU Neighbourhood, General Affairs issues should be dealt by MAE and all the others by DAE or Finance Ministry. Such a separation is not clear in practice and may raise institutional miscommunication. As each Council / Committee session covers many issues, in reality DAE and MAE are co-chairing each meeting.
This functions as an informal arrangement between the representatives of the two institutions, which adapt the complex formal framework to the reality. This is also true for the informational flux. The agenda documents and information sent by the Romanian Representatives in Brussels are sent to the two institutions. MAE and DAE take over the information and they pass it to the line ministries on a case by case matter (many times who’s seeing it first). The practice was developed that emails sent from DAE to line ministries to be CC-ed to MAE and the other way around.

They were contradictory accounts in our interviews about DAE - MAE relation. An independent expert told us that a certain level of tension is visible while a DAE official testified the relation was very good and no conflicts occurred. This point necessitates further research and interviews.

The fact is that an institutional parallelism exists between the two institutions that have to negotiate permanently the responsibilities and the process. MAE it is advantaged by having the embassies and access to more information. At the same time it has a better institutional memory since it remained stable over the years, while DAE in the current form is a young institution, previously having other tasks (the former Integration Ministry managed some other fields, like regional development, which do not currently belong to DAE).

### 3.3 Politicians versus civil servants

As we above mentioned the core executive is organized at 3 levels:

- The Council - chaired by the prime ministers, ministers participating

- The high ranking bureaucracy - the Committee, state secretaries participating

- Working groups

The Committee holds weekly sessions usually not chaired by state secretaries but by general directors. The later are not politically appointed, are stable in office and tend to have more information and experience than the politically appointed state secretaries. It is also true that a practice evolved within MAE to promote directors as state secretaries, keeping their status as
career diplomats. In this case we analyzed them rather as a part of top raking bureaucracy than of the political level.

In conclusion the second level (the Committee) tends to be managed by the civil servants rather than the politicians, despite the normal rule granting state secretaries the supervision role. Moreover the functioning of the Council is defective. Its monthly meetings are not regularly held but when is the case the ministries tend to discuss the EU affairs in the regular government sessions, competing with domestic agenda.

(About the Council) “they did not held the meeting in the last several month” – civil servant.

It may sound normal to discuss EU policies in the government, since a Council’s session is by itself a meeting of the prime-minister with various ministers but in this case the Council as special body that politically oversees the EU process is rather redundant.

The dominance of the civil servants into the Committee and ineffective functioning of the Council as the political umbrella make Romania a case of bureaucracy’s dominance over the EU process.

Further research is necessary to explain this. We have two working hypothesis:

The civil servants are advantaged by their experience and accumulated information in the EU issues. This is a legacy of the pre-accession period when the top priority of entering the EU empowered the stable bureaucrats over short term politicians.

1. Given the lack of interest of the political parties and top level politicians in the day to day EU affairs they naturally tend to leaved matters in the hands of bureaucracy. In our interviews we perceived a sense of frustration among civil servants for not receiving political input rather than being content with shouldering these responsibilities.

The two hypotheses are not opposite but rather complementary. The situation could also be explained by the specific circumstances of 2009 with permanent political crises among the governing parties and with an economic crisis that grabbed the attention of ministers thus further leaving the non-conflictual EU affairs in the responsibility of the bureaucracy. In the few cases when the politicians took the initiative (as it was the case with President’ strategies over
Republic of Moldova or Black Sea Synergy). The civil servants firmly took over these issues and promoted them at the EU level.

But the lack of input from the political level takes its toll over the substance of the process. Some voices complained over the rather formal debates of the Committee’s sessions.

‘They have a long list of issues sent from Brussels for each week, but they rarely discuss the substance and the line ministries do not come up with impact assessments. 90% of these meetings are made only to report that a new meeting was held’ – independent expert.

3.4 Executive versus Parliament

As we mentioned before the Parliament is marginally included in the legal framework. It is only informed by the Council and consulted by the Committee and informed (with the possibility to send feedback) by the Committee over the list of position papers. The Parliament itself is rather uninterested to become a real EU actor. The so called ‘Barroso initiative’ in which the European Commission sent EU draft legislation to the national parliaments started in 2006 and it included Romania since 2007. Romanian parliament is among those that did not send a single feedback position to the Commission.

Domestically, the Parliament did not ask for a bigger role in the process and it seems to be caught in the pre-accession mentality.

“They consider EU to be government’s business” – parliamentary expert.

The problem is aggravated by the internal institutional arrangement. Before 2007 the two Chambers of the Parliament created a unified EU Committee of the Senate and Chamber of Deputies in order to rapidly adopt the acquis. The necessity to pass tens of thousands of laws created this situation meant to be temporarily, but the ineffective structure remained in place after the accession. It is ineffective because the Committee is seldom keeping sessions since each MP is a full member of another parliamentary committee in his/her chamber and deals with EU common committee as second job.

3.5 Solving inter-ministerial conflicts - MGO study case
Given the bureaucracy-led nature of the process institutional conflicts are rare. Maybe the most spectacular case concerning the EU issues was the one regarding genetically modified organisms (GMO). It was mentioned spontaneously during our interviews with civil servants. Thus we are considering it representative for conflicts resolution cases, although not for day to day process.

Romania was one of the big producers of GMO before accession but it had to reduce this production after 2007. It was a net exporter of GMO soy but this crop was forbidden by the EU rule after the 2007, inflicting significant loses to Romanian producers. The sense of frustration for the soy case increased among producers and Agriculture Ministry bureaucrats since Romania became a net importer of the same crop. EU forbids the production but not the imports of GMO soy thus Romanian farmers have to import food for their animals and they consider this to put them into an unfair competition with western farmers, which have cheaper access to soy non-EU market.

This was the background of the debate in 2008-2009 over two varieties of GMO corn. These were authorized by the EU specialized agency but the member states had the possibility to forbid them at national level. Austria, Hungary and Greece were among the states that applied this interdiction. As Romania was due to make this decision the Environment Ministry and the Agriculture Ministry held opposite positions. The former Environment Minister Attila Korody (representing the Hungarian Minority Party) supported by environment NGOs such as Greenpeace was fiercely supporting the interdiction. The Agriculture Ministry supported by the producers, by the Agriculture Academy and several agriculture universities was against the interdiction. The debate lasted for several months and the final decision was to allow the two crop varieties until further scientific research is produced to prove their negative effects. In fact that was the position of Agriculture Ministry. DAE acted as political referee in this debate with its officials strongly promoting the economic arguments of the producers and Agriculture Ministry. A formal decision was never made at Prime Minister level because it became clear that it would have favoured Agriculture Ministry’s position. In this case DAE acted as a last
resort referee conducting the debate and even outmanoeuvring the political decision of Environment Minister.

4. Conclusions
There are some characteristics of the Romanian system that were revealed in this paper:
- a highly formalized system on paper creating a complex structure;
- this formal structure tend to be systematically ignored in current practice (the case of Presidency, the informal arrangements between DAE and MAE);
- the unclear responsibilities of the main actors involved;
- the lack of political input and the tendency to leave important decisions for the civil servants;
- the absence of the Parliament, both in formal and informal aspects.

How is Romania placed according with the variable proposed by Laffan?
– the degree of institutionalisation;
– the relationship between the formal and informal processes.

Laffan concludes in her research, that: ‘The relationship between the formal processes/structures and the informal differed. In states where there was a high degree of institutionalisation, the informal were subordinate to the formal processes, whereas in systems that were weakly institutionalized, the informal were more important for policy outcomes than the formal structures. Informal links and political channels were the key to understanding the ‘living system’ in Athens. In response to administrative problems or blockages, the solution in Greece was to appoint a person to tackle the problem rather than address administrative blockages and deficits. Agents were more important than structure and informal channels more important than the formal. Individual politicians and political appointees who are drawn into the system to alleviate administrative weaknesses dominate the Greek system, one characterized by centralization and inter-ministerial rivalry’ (Laffan, 2006: 702).

The Romanian case shows similarities but also differences compared with the Greek one. It is more institutionalized at the formal level but it presents the same discrepancy between the formal and informal. The political appointees play a minor role in Romania, while the civil
servants are overstretched in the attempt to fill their place. The complex formal framework creates institutional overlapping and in the same time leaves outside the process important actors, which were later involved in an informal manner. The unrealistic formal structure created two leader of the process – MAE and DAE – which are forced to negotiate permanently among them and none of them is situated in the immediate proximity of the prime-minister’s office. But all this problems tend to be overcome by informal arrangements and case-by-case scenarios, similarly with the Greek model. The main characteristic of the system seems to be the gap between the theory and the practice. In conclusion, Romanian model seems to be moderately institutionalized but with a significant difference between the formal and informal processes. In other words, it is a formalized disorganization.

The most interesting question which rises from this conclusion is: does this model influence the capacity of the country to propose and promote EU policies? Previous research described Romania as a largely passive actor at EU level (Ghinea, 2009). The connection between this output and the engine of Romanian EU process is the question for future research.

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National EU Policy Formation between Diplomatic Service and Business

Lobbying: The Case of Slovakia

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1. Introduction

The question of what determines the character and content of policy preferences of the states in the European Union (EU) has received extensive scholarly attention and led to formulation of several alternative explanations. These emphasize, among others, size of the country, its unique historical experience, ideological orientation of the executive and size and economic status of the country vis-à-vis its partners in the EU (e.g. Aspinwall, 2007, Thorhallsson, 2006, George, 1998, Copsey and Haughton, 2009). The dominant rationalist perspective on European integration, represented by Moravcsik’s theory of liberal intergovernmentalism (1993, 1998), posits the crucial role of domestic interest groups, whose views are respected by their respective governments, motivated by the goal of re-election. Moravcsik’s theoretical approach presupposes that political actors, be they political leaders, political parties, businesses and other organised groups, are able to rationally assess the conditions in which they find themselves, differentiate between alternative courses of action, prioritize among the goals that they want to achieve, and pursue the strategies that will lead to their desired outcomes. Preferences of the national governments thus reflect the equilibria between the optimal strategies of the most influential organised interests and the activities of political leaders who support them, chiefly to gain their support in their re-election effort. This model tacitly assumes consolidated structures of political representation (a stable system of political parties) and a functioning system of interest representation with policy-making process open to the organized interests.

While these tacit conditions may be present in the established industrial democracies of Western Europe, their existence in the new EU member states cannot be taken for granted. Indeed, there are good reasons to assume that new democracies in Eastern Europe that joined
the EU in the last 2004-2007 wave of enlargement may have much more vulnerable and underdeveloped structures of political representation. First of all, political parties in the region in general experience extremely high levels of volatility unmatched by their western European counterparts. Patterns of competition are less stable and party systems are either fragile or, due to frequent splits and mergers of parties, non-existing in the strict sense. In addition, policy-making potential of political parties is open to question, as programmatic linkage between parties and voters is but one way how voters make their party choice. As Kitschelt et al (1999) argue, clientelistic and charismatic parties are widespread in the region, a finding that may have important consequences for the process of national EU policy-formulation. Second, the intermediary structures between citizens and the structures of the state are weak and largely underdeveloped. The weakness of civil society in the post-Communist Europe is attributed to legacy of the previous communist regime that tends to persist over time. In addition, while the communist regimes in Eastern European countries differed in their ability to penetrate societies and control them (Linz and Stepan, 1996), the extremely low levels of civic engagement is a widespread phenomenon and sets the whole region apart from other post-authoritarian (not to speak of established democratic) countries (Howard, 2003: 78-83). Third, even the most advanced Eastern European states with consolidated democratic regimes perform poorly in their ability to engage even the most important organized groups into the policy-making process. As Rose-Ackeram (2005) shows in the cases of Poland and Hungary, public oversight of, and participation in, policy-making is weak, rendering the policy-makers by and large unaccountable, save their replacement in elections.

These accounts do not add up to an image of the preference formation based on careful examination of societal demands. Rather, it suggests that the process and nature of preference formation is often *ad hoc*, depending on the actual configuration of influential players. In fact, it is not uncommon that representatives of the new EU member states often do not have elaborated and articulated positions on many key aspects of the EU policy-making. This can be in part explained by the lack of consultation with the relevant societal interests and suggests that other patterns of policy formation should be considered. While not dismissing the
influence of interests groups, this contribution illustrates that there are other ways preferences are formed, often without being grounded in the societal demands or approval. The fragile and underdeveloped channels of political representation in Eastern Europe are not conducive to the process of preference formation that prioritizes (economic) interests of the large pressure groups embraced by the key political players. Rather, the present pluralistic framework of preference formation suggests that it is the relative power position (proximity to decision-making loci in the national EU governance) of various influential actors (parties, bureaucracies and interest groups) that accounts for preferences of the new member states in the EU. Crucially, it shows that national preferences are not necessarily formed in and after the extensive consultations with the societal interests. The weak structures of policy accountability further privilege political actors and increase their autonomous role in the process of national EU preference formation. Consequently, the content of national preferences is determined by monopolistic actors who control their areas of policy-making. In addition, influential societal players in Eastern Europe who have alternative channels of communicating their policy priorities do not necessarily seek consultations with the domestic political actors. This weakness of domestic consultation structures and availability to major business associations of alternative channels of influencing EU policies reinforces the central position of political players and bureaucracies, since it further weakens their policy-making accountability to the societal interests.

The case of Slovakia between 2002 and 2009 is used as an illustration of these claims. It examines the key national preferences from the pre-accession to the post-accession period. It illustrates that there are instances when national governments do formulate preferences to reflect specific interests of an important sector of the national economy (as in the field of nuclear energy). Nevertheless, it is significant that the area of energy is one where EU competences are still rather limited. More importantly, an overwhelming majority of identified national preferences tend to be of non-socioeconomic nature (family policy, justice and home affairs, Eastern Partnership). Distinctive preferences in the area of social and economic policies are, with a major but qualified exception of taxation, absent from the list of priorities of the
Slovak governments. This to a large extent illustrates that political and bureaucratic players that formulate official national positions do not engage in policy deliberation with the national pressure groups and instead pursue their preferences motivated by their general ideological viewpoints, and the logic of bureaucratic survival, respectively. The low engagement of the automotive industry representatives in the preference formation of the Slovak government serves as an example of the societal players who use alternative channels of influencing EU affairs (via other governments and/or directly through the EU institutions). The rest of this paper is structured as follows: First, positions of the Slovak government in the “grand bargains” of the European integration between 2002 and 2009 are outlined. Second, middle-ranged preferences and initiatives of Slovakia in the EU are examined. Finally, an attempt is made to link the identified preferences with the role of the decisive players in their formation. Programmatic political parties, bureaucratic agency, and representatives of the societal pressure groups are identifies as decisive actors in the process.

2. Grand Bargains of the EU integration and position of Slovakia

Studying grand bargains of the integration—in particular positions and preferences of the member states in the negotiations of the EU founding treaties—is arguably the most important instances to be analysed in the process of national EU policy formation. In this respect, the accession talks leading to the 2004 EU accession, the 2003-2004 intergovernmental conference (IGC), and the 2007 IGC leading to the Lisbon Treaty are three relevant instances of Slovakia’s EU policy.

The EU accession talks differ from other instances of intergovernmental bargaining in one important respect. The asymmetric nature of the accession talks is well known: While in other intergovernmental bargains the negotiating partners are formally on an equal footing, in the accession talks the candidate country needs to adjust to the status quo conditions existing in the EU. Hence, a room for bargaining is rather limited. In the Slovak case, the asymmetric character of the negotiations was supplemented, and even reinforced, by the legacy of the 1997 accession failure: Slovakia was initially not invited to start accession talks due to failure to
meet the political criteria. The status of the country vis-à-vis the EU changed only in 1999-2000, when the European countries first granted Slovakia status of a candidate country and started direct accession talks. The main preference of the Slovak side was to conclude the accession talks as early as possible – since it wanted to join the EU together with its more advanced neighbours. The length and content of the transitory arrangement for the application of the *acquis* in Slovakia represented the only concern articulated by the government. The only issue that sparked a domestic debate—though without much impact on the course of negotiations—was the commitment of the Slovak government to close down the Jaslovské Bohunice nuclear power plant by 2006/2008. The opposition criticised the government for what it perceived as a premature closure of the recently modernised Soviet-type nuclear facility.

Slovak government put forward a well-elaborated national position in the 2003-2004 IGC. Among others, it defended the principle of one country – one commissioner and rotating presidency principles, supported the wording “Constitutional Treaty” in the title of the treaty, defended the mentioning of the Christian values in the treaty, and supported the new principle for qualified majority voting (55% of the countries representing 65% of the citizens). On the other hand, it opposed further extension of the qualified majority voting in economic and social cohesion and also put forward the requirement of unanimous decision making in matters of criminal law, judicial and police cooperation, asylum and culture (Bilčík, 2004). The Constitutional Treaty thus represented mixed results for the Slovak diplomacy: while, for example, national veto would be preserved in economic and social cohesion, the unanimity principle in the area of criminal law, creation of the European prosecutor and elimination of the rotating presidency all constituted significant departure from the original Slovak positions.

Following the rejection of the Constitutional Treaty in referenda in France and the Netherlands in 2005, the new Slovak government issued to its diplomacy a considerably vaguer mandate for the next IGC. As during the accession negotiations, the high political representatives, including the prime minister, claimed that the successful conclusion of the negotiations was the main goal and concern of the Slovak representation. This largely passive and vague stance in 2007 could be a consequence of the process of social learning in the negotiations. Since previously
well-elaborated positions did not materialise into successful outcomes in negotiations, the new (and less Euroenthusiastic) government did not waste the time on activities that did not promise immediate (domestic) success. At the June 2007 EU summit, for example, the Slovak Prime Minister was more interested in discussing issues related to completion of Slovakia’s membership than the future of the EU institutional setting (Bilčík, 2008: 367).

3. Middle-Range Preferences
Going one step down the ladder in the systemic importance of EU-related national positions, several factors have impeded the development of a well articulated system of national EU policy-making. Most importantly, even though Slovakia joined the EU in May 2004, it has been excluded from participation on some of the most positively evaluated symbols of unified Europe: Full participation in the single market (crucially the opening of the national labour markets for Slovak citizens in several EU member states), entry into the Schengen zone (with associated removal of the border controls with other EU countries) and joining the Eurozone. These three issues represented the main concern for the Slovak governments and consumed a significant time, energy and otherwise limited administrative and personnel capacities of the state bureaucracy and diplomacy. Hence, entry into the Schengen zone (2006-2007) and Eurozone (2007-2009) constituted a diplomatic and administrative overload in the national EU policy-making and left fewer resources for generating and pursuit of other EU-related preferences. The national diplomacy also concentrated on securing a favourable financial perspective for the period 2007-2013; for example, it managed to obtain additional 375 million Euros in 2005 as a compensation for closing down the Jaslovské Bohunice nuclear power plant. With respect to other EU policies, in 2004, as a reaction to the Hague programme of mutual recognition of the rulings of the national courts, Slovak authorities issued a unilateral declaration that Slovakia will not support family law harmonisation (Bilčík, 2004). On other questions, Slovak representatives were preoccupied by getting the national priorities in the area of structural funds absorption approved by the Commission. The major national initiative
marginally linked to its EU policies was Slovakia’s initiative (jointly with the Czech Republic) to set up the European Nuclear Energy Forum in late 2007.

Big issues of European integration have only rarely penetrated into substantive political debates in Slovakia. Two exceptions are linked with activities of parliament to influence the course of European integration. Even though the constitutional amendment passed in the wake of Slovakia’s accession to the EU strengthened the role of national legislature vis-à-vis the executive (Láštic, 2006), parliament was able to assert its position only once: In late 2004 the parliament approved a negotiating position in which it mandated the government to open accession talks with Turkey without a commitment of eventual Turkish membership and conditioned by its fulfilment of democratic political criteria (NR SR, 2004). Two years later, in September 2006, parliamentary opposition unsuccessfully tried to pass a parliamentary resolution on sovereignty in the area of taxation, whereby the government would be obliged to vote against all attempts of tax harmonisation in the EU.

Probably the main policy initiative in which the Slovak government attempted to actively shape the agenda of the EU is tied to the Eastern Partnership initiative, an attempt to develop institutionalised relations between the EU and neighbouring countries of Eastern Europe. Even though the initiative was a direct result of the Polish-Swedish initiative of June 2008, a similar political priority had been put forward by the Slovak diplomats during Slovakia’s presidency of the so-called Visegrad group (Slovakia, the Czech Republic, Poland and Hungary. The Eastern Partnership initiative, formally approved by the EU member states during the Czech presidency, was actively supported by Slovakia, and illustrates a rare long-term and consistent policy priority of the Slovak government in the EU policy-making.

4. A Pluralist Framework of Preference Formation

4.1 Parties

EU preference formation at the national level encompasses a variety of potential influence-seekers. Given their access to the locus of national decision-making, political parties are the primary entities that one can expect to seek influence in the process. This is because parties
enjoy privileged access to government (governing parties) and parliament (opposition parties). The activity and initiatives of political parties considerably varied in the two intergovernmental conferences discussed above. During the 2003-2004 IGC, the Slovak government was composed of four centre-right parties, two of which had relatively strong ideological viewpoints concerning the European integration. The most assertive had been the Christian Democratic Movement (KDH) that controlled the justice and interior portfolios of the cabinet. The Ministry of Interior led by a KDH nominee, twice rejected the negotiating position of the Slovak government with respect to the 2004 IGC. The government was only able to approve it at a third attempt, chiefly because of opposition of the Christian Democrats. The Eurosceptic KDH even rejected the Constitutional Treaty and voted against it in the parliamentary ratification. KDH ministers were behind the opposition of Slovakia against the family law harmonisation, setting up the European prosecutor, and deeper coordination of national asylum policies (Malová at al, 2005). The more economically liberal Slovak Democratic and Christian Union (SDKÚ), while strongly supportive of further EU integration, opposed any harmonisation in the area of taxation, economic and social cohesion. Since the SDKÚ was the strongest coalition party, its preferences were transformed into the image of Slovakia in the EU as a neo-liberal country with corresponding preferences in various areas of EU decision-making (Interview, 2008) The remaining two centre-right parties did not have distinctive EU-related preferences, even though the Hungarian Coalition Party, the ethno-regional party representing Slovakia’s Hungarian minority, unsuccessfully pressed its coalition partners to embrace inclusion of ethnic minority rights into the Charter of Fundamental Rights.

The less elaborated position of the government in the 2007 IGC reflected a changed composition of the government after the 2006 parliamentary elections. The centre-right government was replaced by a three-party coalition led by the left-leaning Smer party and with the Slovak National Party (SNS) and the Movement for a Democratic Slovakia (ĽS-HZDS) as its junior coalition partners. The position of the government was weakened in the EU, as the Party of European Socialists (PES), of which Smer was an associate member, temporarily suspended its membership in the organisation. This was due to inclusion of the xenophobic nationalist SNS
into the government. In addition, of the three parties, only Smer could be labelled as a programmatic party. The junior coalition partners better conform to the criteria for charismatic/clientelistic parties. In other words, only one coalition party was potentially interested in formulating the EU-related positions, while two junior partners concentrate more on non-programmatic linkages with the voters. Arguably, only programmatic parties can have long-term interests in EU policy-making. During the 2002-2009 period, clearly formulated positions of the Slovak government in grand bargains of European integration are best explained by ideological preferences of the programmatic political parties. The positions of KDH and SDKÚ, however, primarily reflected their political ideological preferences put forward in their effort to reinvent their party political identities. These preferences were not formed in an active consultation process with the societal pressure groups. Rather, they reflected the ideological convictions and concerns of the party elites. They were thus able to shape the national positions in EU integration during the period when they controlled the key executive positions. It is significant that both parties have abandoned important elements of their erstwhile EU-related agenda following their defeat in the 2006 elections: While the KDH elected a new and strongly pro-European party leader in 2009, the SDKÚ considerably softened its neo-liberal rhetoric and move to the centre already in the 2006 election campaign (Haughton and Rybář, 2008).

4.2 Bureaucracies
Research on bureaucratic interests has a long pedigree and there are numerous studies that show how bureaucracies try to widen their scope of activity, increase their personnel and maximize their budgets. Analyses of national level EU preference formation process should, therefore, take into account preferences and interests of bureaucratic organisations with potential to influence the content of national positions. In the process of European integration, Ministries of Foreign Affairs have traditionally played the key role of domestic coordinators. This has long been reflected by the dominant position of what is now the GAERC (General Affairs and External Relations Council) formation of the Council of Ministers consisting of the
ministers of Foreign Affairs. Similarly, Foreign Ministries have typically played the role of national coordinators of EU policy in all member states. Slovakia has been no exception to this trend. The central position of the Foreign Ministry has been highlighted in the mechanism for national EU policy-making, where it plays the coordinating and role. In addition, Slovakia has a long tradition of foreign ministers who are not primarily party politicians, but rather experienced career diplomats appointed to the post by a governing political party. This reinforces the position of the ministry as a bureaucratic organisation without significant external influence by either societal interest groups or even political parties. This creates an ideal situation for translation of bureaucratic interests into national policy priorities. The case of Eastern Partnership illustrates the point. In a situation where societal pressure groups are rather weak and political parties do not have coherent and well elaborated foreign policy visions, the top ministerial officials formulated a policy proposal for special relations with the EU’s Eastern neighbours that was later elaborated by the Czech Republic and Poland and presented in the EU by a joint Polish-Swedish initiative. While in the Czech Republic and Poland the relationship with eastern neighbours has been adopted as a genuine policy priority of the subsequent governments, in Slovakia political parties as well as national governments by and large tacitly supported the ministerial plans without significant overt support. This left the ministry with a considerable room for manoeuvre. In addition, the key role of the Permanent Representation to the European Commission in running the day-to-day agenda of Slovakia’s EU policy further strengthened the grip of the ministry on the country’s EU policy formation. While until 2004 the ministry’s main mission was to complete the EU accession talks, since 2004 it experienced a crisis of identity and was left without clear mission. (Similar situation has arguably been the case in other European countries, e.g. Austria). Faced by an urgent task of reformulating its identity and raison d’être, putting forward and supporting a policy proposal concentrating on the region where Slovak diplomats have been engaged for decades, the Eastern Partnership became a flagship of the Slovak national EU policy. This leading role of the ministry was implicitly recognised by the political parties, and the low interest of the centre-left in foreign affairs only reinforced the existing trend. Hence, it was the opportunity structure
favourable to the bureaucratic interests and concern for prestige and power of the ministry that, combined by the unrivalled expertise of its leading staff in both EU and Eastern Neighbourhood, privileged the bureaucratic player and allowed it to play the key role in this sphere of Slovakia’s EU policy.

4.3. Societal Interests

4.3.1 Nuclear Energy Sector

Ideological preferences of political parties and bureaucratic interests of privileged state administration account for the bulk of Slovakia’s otherwise rather modest policy proposals and preferences in the EU. However, the role of societal interests, chiefly big businesses, should not be underestimated. The remaining major national EU-related priority, i.e. support for nuclear energy, has its roots in the important role of the nuclear lobby. Moreover, energy dependence of Slovakia on the Russian gas and crude oil together with problematic supply of these commodities from Russia and Ukraine increased Slovakia’s economic and political vulnerability. This is the key explanation for the government’s promotion of nuclear energy, expansion of nuclear power plant facilities in the recent years, and, initiation of European-wide initiatives. The most significant has been the creation of the European Nuclear Energy Forum (see above), a platform for promotion of nuclear energy and related research and technological development. This has long been one of the priorities of the left-leaning Smer party. It should be noted that due to existence of the two nuclear power plants, Slovakia has had significant expertise and research capacities in this sphere. In addition, the sector is also important in its employment consequences. Combination of these reasons and precarious energy security position of the country in recent years even prompted the Slovak government to consider reactivation of the recently closed Jaslovske Bohunice as a reaction of dramatically decreasing supplies of gas from Russia during the energy crisis of January 2009. Similarly, the government has repeatedly expressed its interests to secure the energy portfolio for its nominee to the new European Commission. Hence, it was a combination of energy crises combined with the long-term closed ties between the major governing party and representatives of Slovak nuclear
lobby that account for the country’s prioritisation of nuclear energy as its key policy interest in the EU.

4.3.2 Automotive Industry
The structure of Slovak industry shows the crucial importance of automotive industry. In the last 15 years, three major car making companies (Volkswagen, Peugeot/Citroen and Kia Motors) set up their facilities in Slovakia, making the country the largest per capita car producer in the world. The activities of the Association of Automotive Industry, the umbrella organisation defending interest of the sector, have been said to influence a whole range of policies in Slovakia, including taxation, education and state-supported applied research (Haughton and Malová, 2007). In the global economic crisis, the government introduced the so-called junk-car premium to stimulate trade and production of the industry. Even though the industry plays such an important role in Slovakia’s economy, existing evidence suggests that there is very low effort from both government and industry to engage in consultations of Slovakia’s EU preferences. Over the last five years, however, the EU has been involved in preparation and negotiation of several policy initiative that have a direct impact on the industry, including the control of emissions and safety of cars, to mention just two examples. How can this paradox be explained? One possible explanation is a dysfunctional system of interest aggregation at the national level. There is no institutionalised mechanism for policy consultation that would systematically involve national players into preference formation. Second, and related, there are some signs that the capacities and expertise at national ministries are rather weak and do not match expectations of the business sectors (Interview, 2008). Consequently, lack of expertise at the ministries combined with non-existing mechanisms for policy consultations lead to strategies of the business player that bypass the national level altogether. It should be acknowledged, however, that since all three car makers are transnational companies with strong presence in other EU member states, they have alternative roots in influencing the EU-level policy making. One involves direct lobbying of the EU institutions, primarily the Commission, via the European-wide business organisations. Alternatively, the transnational
companies may concentrate their lobbying and consultation activities on the larger member states where they are active, including France and Germany. Nevertheless, the structure of industry in Slovakia, combined with the weak national-level consultation mechanisms, is not conducive to thorough interest mediation and further deepens the insulation of political and bureaucratic players from societal interests.

5. Conclusion
This contribution shows that the primacy of societal interests in the national EU policy making, assumed by the dominant rationalist theory of European integration, should not be taken for granted in the new EU member states. Due to low levels of civic engagement and weak accountability mechanisms in the day-to-day policy making, the importance and autonomy of political and bureaucratic actors and their corresponding ideological and bureaucratic preferences, respectively, increases. Taking Slovakia as an example, this paper shows that a majority of the significant Slovak preferences in EU policy-making are more results of ideological and bureaucratic concerns of the privileged players. As such, they only rarely engage in consultations with powerful societal players. In addition, the availability of alternative routes to the powerful interests that completely bypass the national level further reinforces the insulation and autonomy of the political and administrative actors in national EU preference formation.

Bibliography


1. Estonia’s policy making in the EU: institutional starting point and general attitude

General purpose of Estonia’s EU policy is to contribute to strengthening of the European Union. At the core of the European Union must lay solidarity between Member States. Strong Union is the basis for further construction of the Union and development of peace, democracy and security in the world. In Estonian vision the European Union must contribute to the prevention and resolution of conflicts, especially in the neighbourhood surrounding the Union. In its relations with third countries, the European Union must speak with a single voice, which requires substantive and institutional strengthening of the Common Foreign and Security Policy. In order to underline the positive experience of the enlargement of the European Union so far, and to ensure the continuation of reforms and the safeguarding of democracy in the region, the Union must remain open to all European countries wishing to accede and meeting the accession criteria (Estonian Government 2007a, 1).

Possible Multi-speed Europe model is seen the most critical as an approach to create different zones in the EU and push new distant member states to the periphery against their will. Also some threats have been raised, that multi-speed Europe would mean more Russian influence in the CEE states. Accordingly one-voice foreign policy is seen as extremely important goal to transform Europe into a stronger player in the world arena. In generally Estonia is pro-integration in most questions, supporting one-speed approach and opposing division of member states to “new” and “old”. The level of integration should depend on common interests not institutional reasons.

The Estonian contemporary practice to the EU policy making is based on the experience and practice started with the accession negotiation, followed by European Convention and failure of the EU Constitutional Treaty as well as of negotiation and ratification of the Lisbon Treaty.
High policy questions and the institutional reform theme have been largely frozen since the year 2007 (Estonian Government 2007a, 2).

The general role of Estonia in the EU policy-making system has mainly been one of a policy taker and not of an active policy driver, promoter or opposer. The only period when Estonia showed strong initiative and willingness to put through her ideas is from the time of the European Convention when Estonia fought for the principles of rotating presidency and the principle of equal representation (Lessenski 2009).

Starting from 2006-2007 it has changed for more policy taker and compromise maker approach. The Estonian government would like to create an image of a constructive pragmatic, who does not talk much and all the time but when expected to say a word in some issues, the positions and propositions are well thought through and prepared thoroughly.

The Estonian general position about its representation in institutions is the following:

- European Commission – 1 commissioner; quite satisfied with it.
- European Parliament – Estonia has 6 seats; satisfied with it.
- Council of Ministers of the EU - Estonia has 4 votes; would like to increase the number of votes.
- The representation in several Working Groups and Committees is satisfying.
- European Council – content with the representation and positions presented by the PM.

The Estonian positions on EU issues are constantly being refreshed during the Government’s weekly meetings, presented in respective position papers. (Veebel, 2009c)

2. Estonia’s EU priorities 2006-2009

Specific priorities are:

1. Competitive economy and continuing the deregulation and liberalization of the Internal Market, which enables the Member States to maximise the use of resources for the creation of better competition conditions for both enterprises and citizens. Estonia supports initiatives aiming at removing the remaining obstacles to the functioning of the Internal Market, including the free movement of persons.
In order to make the most of it, it is necessary to remove any remaining restrictions on the free movement of goods, persons, services, and capital, and to ensure the proper functioning of the internal market. The Member States must accelerate reforms which are necessary for achieving the growth and employment objectives established under the Lisbon Strategy. Also Estonia must continue reforms to further interlink research and development with the economic operators.

In order to continue successfully in the globalising world, attention must be paid to increasing the competitiveness of the Union and to creating new jobs. In order to strengthen the competitiveness Estonia finds it important to make better use of the Information and Communications Technology (ICT). (Estonian Government 2007a, 2).

2. An effective decision making process. The European Union has shown that it is also able to function with 27 members. Nevertheless, we must improve the functioning of the Union by increasing the efficiency of the decision making process. The necessary instruments for achieving those goals are provided by the new institutional framework contained in the Lisbon Treaty. In order to ensure the smooth functioning of the Union with 27 or more members, we need to prioritise the quick completion of the reform of the existing Treaties. Also Equal and proportional representation of member states in the decision making process is crucial: Estonia supports giving a more equal representation to the “new” member states, especially in the European Commission and directorates. (Estonian Government 2007a, 3).

3. Better allocation of budgetary resources. In the coming years, we are facing discussions over the EU budget and consequently over the funding of different policy areas. In the interests of the legitimacy and efficient functioning of the Union, it is necessary to make the budget framework simpler and more transparent. The budget discussion must not bring about a decrease in the ambitions and tasks of the EU; however, supported by a comprehensive analysis of the policies the feasibility of expenditure in different areas should be discussed.

4. Adoption of the Euro – the first most realistic estimate has been set on 01.01. 2011. Practical preparations for the euro changeover started after the Cabinet meeting of 15 January 2004, when the government of the Republic of Estonia set the goal of being technically ready for the
introduction of the euro by the middle of 2006, which would enable transition to the euro on 1 January 2007. Currently the date has been postponed to 2011. To be able to adopt Euro, the Estonian government has to solve the problems with budget deficit and inflation. According to last data Estonia does not fulfil the criteria of budget deficit and inflation.

Estonian priorities at the European Commission level are mainly connected to national interest representation ability. Instead of well sounding broad ideas, the main attention is to develop experts’ ability to understand and negotiate national interests in specific questions. General attitude is, that Estonia should be generally pro-integration and actively participating only in case where having concrete national positions and interests. Commission level is seen most important and rational way for small state like Estonia, to influence EU decision making.

In European Parliament level the influence of government and ministries is restricted and cooperation between MEP’s and government is weak. Focus is mainly in exchange of information and general image building.

In Council of Ministers ‘level priorities are to focus influence and attention on specific questions, which concern Estonia and where Estonia’s participation can be influential. The lack of resources avoids the possibility to be active in all the fields. Estonia is in most questions pro-integration and pro-compromise based on wider European interests.

EU policies are in last years too often agreed and negotiated only in European Council meetings: as instead of normal 2 annual meetings European Council has met almost every second month. Estonian government does not support the shift of final decision-making to the highest level, as it is less efficient and provides fewer opportunities for smaller member states. Estonia supports the idea that European Council should remain with strategic long-term planning function, instead becoming regular fire-fighting unit institutional system.

3. Key areas for Estonia to have influence 2009-2010

The key areas for Estonia’s focused influence have been:

- Energy policy and energy security
- ENP and Eastern Partnership
 Limiting tax harmonization process 
 Limiting migration and asylum harmonization process 

3.1 Energy policy and energy security 

Estonia concentrates greatly to the policies on energy and climate concerning the participation of third countries. Although this aspect is important mostly for Eastern European countries, Estonia has managed to protect its standpoint and reach to several compromises. Three most important issues inside the energy policy and energy security are: a) Establishing more efficient monitoring of the capital from third countries that has control over strategically important energy companies; b) Imposing an obligation to buy emissions quotas to energy exported from third countries; c) Impeaching the relocation of polluting production to third countries.

Estonia is not completely sharing the EU strategic positions as for the reduction of climate change (effects) as it has a very high economic cost for Estonia. But Estonia is not actively opposing the EU energy policy goals either, being accordingly a policy taker in this matter. (Estonian Ministry of Economy, 2007a, 4)

3.2 ENP and Eastern Partnership 

The European Neighbourhood Policy (ENP) is seen as a suitable capability for Estonia in the EU external affairs both in terms of capabilities and goals. Estonia’s engagement in the framework of ENP can largely be described from the perspective of development cooperation. Estonia has systematically engaged in development co-operation since 1998. The experience obtained during that period and the developments in the international environment have been based on the “Principles of development co-operation” approved by the Riigikogu in 1999, currently being renewed, and the “Development plan for the provision of development assistance and humanitarian aid of Estonia 2006-2010”. For the current period, the Estonian MFA has defined 3 countries as its priority countries of development co-operation among ENP states: Georgia, Moldova, and Ukraine. Estonia mainly offers to ENP countries border management support and
civil servants training. Know-how transfer is mainly aimed at younger mid-level civil servants working in the EU or NATO area. Estonian financial support for neighbourhood projects has doubled during the last two years. Estonia welcomes the Polish-Swedish ENP Eastern Partnership creating new cooperation frameworks and interest spheres for economic and later political cooperation between the EU and Eastern European states – promoting free market principles, enlargement of the internal market, giving visa freedom, regulation of JHA, etc.

The process would be apart from the development of the Mediterranean Partnership with Northern African states who have a different historical experience and state structures and should therefore be treated differently from the Eastern European region.

Estonia is supporting the ENP Eastern Partnership at the highest level finding it extremely important for Ukrainian and the latters’ neighbouring states’ stability. (Estonian Government, 2007a, 39)

3.3 Limited asylum policy harmonisation in the EU

Estonia supports minimum harmonisation of rules at the EU level regarding the migration of highly qualified workers from third countries. It is also important that flexibility and a degree of opening of labour markets to third country nationals should remain a decision of individual Member States. Additionally, Estonia supports the establishment of sanctions at the EU level against employers of illegal third-country nationals.

As the question of asylum and related problems is relatively new and not so urgent for Estonia, the government is in most issues regarding EU asylum, migration, border-control, etc. supporting enhanced co-operation among Member States in order to build a safer network for European citizens and guarantee basic rights for third country nationals. Estonia overwhelmingly agrees with the mainstream EU opinions and supports further harmonisation activities, except for the migration of highly qualified workers from third countries and the resettlement of refugees.
3.4 Lisbon Strategy

Carrying out of the objectives of the EU’s Growth and Jobs Strategy (the Lisbon Strategy), a critical analysis of the fulfilment of the Strategy in 2010, and the establishment of clear and ambitious new goals to strengthen competitiveness in the following cycle. The Estonian Action Plan for Growth and Jobs 2008 – 2011, approved by the Government on Oct. 9, 2008 includes 4 prioritised challenges and should, among other objectives, increase the productivity of Estonian enterprises and both the productivity and flexibility of labour as the cornerstones of Estonia’s economic competitiveness. Among the goals for Estonia until 2011 are: to increase the Estonian work force to 80% of the European Union average, to increase scientific and development activities up to 2% of GDP and the growth of overall employment to 70.5%. (Estonian Government, 2007a, 12)

4. Special Union wide reforms, which have been proposed by Estonia

4.1 Transatlantic cooperation between the EU and NATO in area of justice and home affairs

The main pillar of Estonian security is membership in multilateral defence alliances and active participation in safeguarding global security, where NATO represents Estonian’s most important partner. Estonia considers good relations with the USA and the backing of NATO to be very important for the overall security of Europe and especially Estonia.

As The European Union and the United States of America share common values of democracy, rule of law and respect for human rights and fundamental freedoms, Estonia together with other member states recognize that transnational crime and terrorism pose a threat to these shared values. Accordingly it is necessary to deepen transatlantic cooperation in the pursuit of greater justice, freedom and security.

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4 The 4 challenges encompass: 1) Developing an education system, which is more adaptive to the needs of the business sector and modernising the labour law for promoting flexi security of the labour market; 2) Increasing the capacity of the research and development sector and directing it more towards the needs of the business sector; 3) Developing a business and investment friendly environment, which strongly supports innovation and international competitiveness of companies; 4) Increasing the environment-friendliness of the energy sector while ensuring the security of the energy supply and the competitiveness of energy sector.

Estonia supports close operational partnership leading to international agreements and working arrangements between the U.S. and Europol, Eurojust and Frontex, respectively, and the posting of liaison officers at each other’s diplomatic representations and at Europol and Eurojust.
Estonia is seeking to expand and intensify cooperation in the areas trafficking in human beings, smuggling of migrants, sexual exploitation of children, including depictions of such abuse of children on the internet, drug trafficking, trafficking of other illicit goods. (Estonian Government, 2007a, 42)

4.2 EU budget reform
The Estonian position is that the “budget has to be sufficient for all the involved parties, but the provisions/sums in the budget in absolute numbers have to remain the same as today”.
More resources should be spent on research, development and education and less on direct aid and subsidies. Budgetary measures should motivate actors to a more market-economy based behaviour and efficiency. Estonia has already started internal discussions and shared its initial views with other member states on how to reshape EU payments in the future so that the payments would be more based on the current situation in the EU, more equal among member states and less based on coupled support.

4.3 Limiting tax harmonization
Estonian government supports the idea that tax policy should remain in the competence of member states and additional harmonization does not serve the EU competitiveness. Especially important is to provide member states the possibility to keep their corporate and personal income tax models.

4.4 Restructuring CAP
Estonia promotes increasing market economy elements in the CAP and freeing the agricultural market from some existing restrictions; the Union’s resources should be more spent to achieve
these goals. The overall goals of Estonia correlate with the European Commission priorities: a more focused and less resourceful CAP.

Direct aid is seen as the most fundamental problem of the CAP from Estonian perspective. There is a need for a new ideological perspective as well as economic content and goals. But the revision of the principles and methods needs to be initiated on the EU level. There is also a need for an EU-level analysis of possible reform scenarios concerning direct aid. The final aim according to the Estonian positions should be lowering the amount of payments and increasing the efficiency of agricultural farms and industry. Structural spending should decrease and innovation and research funding must grow instead.

4.5 Energy Policy

A central question for Estonia is the impact of third country import on the energy supply safety of EU member states. Additionally, the impact of the vertically integrated energy companies on the functioning of the EU inner market within the member states is seen as an important aspect worth further analysis. The Estonian government also proposes to increase monitoring over the involvement of capital from third countries in strategically important energy businesses. Estonia would like to impeach the companies from third countries from taking advantage of their position in the energy companies where they have either direct or indirect involvement (Gazprom is considered as special threat). In order to fully develop the internal energy market, the Estonian government finds it necessary to enact measures to control electricity shipments from third countries. These shipments should follow the same fair competition rules as well as environmental and safety standards (including emissions reduction) that the EU countries do. (Estonian Government, 2007a, 22)

5. Actors and factors in intrastate EU policy co-ordination and decision-making

In order to ensure efficient participation in the EU decision-making process, Estonia has adopted a relatively decentralised and flexible EU co-ordination system. The overall responsibility for co-ordinating EU issues in the Government lies with the Prime Minister, who
acts as the highest political arbitrator, chairs the Government meetings and represents Estonia in European Council meetings. The Prime Minister is supported by the director of EU affairs and the European Union Secretariat (EUS) of the State Chancellery. The Government adopts EU policies, sets priorities, discusses all potentially sensitive issues and at its weekly sessions endorses Estonian positions for the EU Council meetings and for those Commission proposals, which require amendment of Estonian legislation or have significant financial impact once adopted. Line ministries are responsible for performing EU related tasks within their respective competencies: they are responsible for the preparation of Estonia’s positions and instructions at the working group level, for the Committee of Permanent Representatives (COREPER), and for different councils. Issues concerning several ministries are discussed in ad hoc or permanent working groups, which reflect the structure of the Council working bodies, by the relevant ministries.

Coordination Council of EU issues ensures effective inter-ministerial cooperation. It is chaired by the director of EU affairs (in case of his/her absence by the head of EUS) and is comprised of representatives of all the ministries and the Bank of Estonia. The main tasks of the inter-ministerial group are following: discussing Estonian positions in EU decision-making and preparing Government meetings concerning the EU issues, monitoring implementation of the acquis, dealing with horizontal coordination issues and exchanging information on acute EU issues.

The European Union Secretariat of the State Chancellery, which works under the Prime Minister, supports and advises the Prime Minister and the Government on various EU issues. The Secretariat prepares the meetings of the above mentioned Coordination Council, coordinates preparation of Estonian positions for the Government meetings, monitors the harmonisation of the acquis, maintains the EU document management system and co-ordinates the inter-ministerial Lisbon Process working group.

The Foreign Ministry (MFO), besides fulfilling the tasks of a line ministry, plays an essential role in coordinating and compiling COREPER (Committee of Permanent Representatives) positions. The EU Co-ordination Division is responsible for the timely preparation of instructions prepared
by ministries for the weekly COREPER meetings. The Foreign Ministry also plays an important role in disseminating information on Estonian positions to other European Union Member States through the embassies and in working out political solutions together with the Prime Minister’s office (European Union Secretariat). The Permanent Representation of Estonia to the EU is an important liaison for the Estonian Government in Brussels representing Estonia’s interests mainly in the Council and co-operating with other EU institutions.

Riigikogu (the Parliament) is also an important player in the Estonian EU co-ordination system. It has a standing European Union Affairs Committee, which consists of 15 members representing all parliamentary parties and line committees. The EU affairs committee monitors closely the Government’s participation in the EU decision-making process. Moreover, all positions of the Government on strategic EU issues have to be approved by the EU Affairs Committee. According to the same statute, the Government will present to the Committee all EU draft legislation, which after adoption would require the amendment of national legislation or would have a significant economic or social impact.

President of the Republic has only a minor role in EU related policy-making, but is included to regular debates on wider role of Estonia in integration process and debates on EU reforms and future developments.

Table 1: The Coordination of EU affairs in Estonia

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A good example of intra-state communication has been the preparation of Lisbon Strategy’s Estonian Action Plans, which has involved close cooperation between Ministries and the active involvement of Government partners and experts. The completion of the Action Plan for Growth and Jobs was coordinated by the competitiveness working group in several Ministries put together by the Secretary of State. The coordinator of both the European Union strategy for growth and jobs in Estonia and its action plan is the Strategy Director at the State Chancellery.

5.1 The role of NGO-s and academic actors in EU decision making

Government has also organized regular extended meetings of civil servants and interest groups in cooperation of the Ministry of Economy, Ministry of Agriculture, and Ministry of Finance, inviting also representatives of employers and employees, farmers and industrial producers. Meetings have included approximately 20-30 people meeting after every 2 months: discussing all relevant issues and decisions, before formulating national positions to be taken to EU institutions. Debates are most often covering the questions of separate support systems, direct aid, RDP, long-term policies, etc. Additionally, also irregular meetings are held between producers’ representatives and Ministry officials, information days and seminars are organised. The Estonian government has also invited academic and research institutions to participate in the strategic position-preparation process: 3 specific researches/state procurements in the field of Internal Market and Lisbon Strategy have been ordered from Tartu University, Center for Policy Studies PRAXIS and Tallinn Technical University.

Also joint roundtables with representatives from interest groups, academic groups and civil servants have been organized to develop and introduce the Estonian positions and interests in main EU questions (Lisbon strategy, internal market reform, and Estonian competitiveness in the EU). Additionally, academic institutions have independently published numerous articles about the field of Internal Market and Lisbon Strategy.

Some intensification can be seen in building cooperation between NGO-s and ministries. Ministry of Foreign Affairs for example is, partly financing the Estonian Foreign Policy Institute to provide regular research capability for EU and foreign policy matters and Ministry of Defence
has established the International Centre for Defence Studies\(^5\), financed from ministerial budget. The Institution is a new think tank, devoted to the analysis of security and defence policy questions. It was founded in March 2006. The Centre’s roles are to analyse global developments in the security and defence field, and to examine narrower topics that are of special interest to Estonia.

Best example of an independent not-for-profit think tank is PRAXIS - Center for Policy Studies. EU related debates are also fuelled by Estonian European Movement and International Relations Circle of Tartu University. But they all have quite a low influence on actual policy making.

Everyday media coverage on the on EU matters has been weak; articles have been mainly issued only by ministry officials to introduce the Estonian national interests and positions. Larger debates on EU matters in the public have been missing.

Both public and academic opinions are rather sceptical on the government’s positions on EU reforms, Lisbon Treaty ratification and content, external relations issues and cooperation between EU and NATO.

Academic debate inside Estonia has been held in Estonian Foreign Policy Yearbook, less academic media debates in weekly newspaper add-on “Diplomacy” and news-comments in daily newspapers “Postimees” and “Estonian Daily.”

5.2 Party system configuration and the role of political orientation in EU related decision-making

Estonian governmental coalition is formed from Reform Party and Pro-Patria Party, which both support liberal economy and conservative political line. Minority coalition is also supported by votes of Green Party, which has no representation in government.

Both partners in coalition share same values on EU integration and Estonian positions: open market economy with possibly less regulations, but intergovernmental approach in high-policy areas.

As Reform Party received 31 seats and Pro-Patria 19 in last parliamentary elections, coalition program and every-day decision making in EU questions is dominated by Reform Party occupying both the seats of prime-minister and minister of foreign affairs.

Both coalition parties also share the attitude that Estonia should be mildly pro-integration and have a positive participant image in generally. In specific questions, Estonian positions should depend on practical circumstances and needs.

None of the parliamentary parties are openly euro sceptical or anti-integrational, just some of them (for example National Union) suggest looking European prospects more through national benefit perspectives. All the parliament parties are agreed that in economic terms Estonia is benefiting by membership and national debate is ongoing mainly in question how to make Estonian membership more efficient.

Social democratic president Toomas Hendrik Ilves is known as one of the most pro-Europe Estonian politician, analyzing and supporting new trends of Europeanization both in academic and political circles.

Due the small size and lack of specific regions, no special regional aspects can be highlighted. Russian speaking minority (27% from population) is rather more Euro sceptical but does not have uniting political movement or party. Russian votes go mainly to Centre Party, which is controlling the capital city council. Their EU policy is not very well developed but mainly neutral.

5.3 Role of referenda and Court of Justice (also Constitutional Court)

Last and only referenda experience concerning the EU was pre-accession unbinding constitutional referenda. There was also a debate about the necessity of referenda before the ratification of Constitutional Treaty, but ratification in parliament was seen sufficient. Before the Lisbon Treaty there was not even question about referenda as public interest was low and government referred to argument, that it is basically the same Constitutional Treaty in revised version. Accordingly Lisbon Treaty was ratified in Estonian Parliament without attempts for referenda or broad public debate.
The Constitutional Court played important role only during the ratification of Constitutional Treaty. Before the ratification in year 2005 (The Constitutional Court 2005) Constitutional Court was asked for the approval that Constitutional Treaty can be ratified by national Parliament. In a final report working group of Constitutional Court supported the ratification in the Parliament; the second option was unbinding referenda. Binding referenda was not debated, as Constitutional Treaty was seen not as constitutional act but rather as international treaty signed by government, what cannot be putted to the referenda according to Estonian constitution. Lisbon Treaty was not analyzed and evaluated by Constitutional Court.

5.4 Capacity of national administration strengths and problems

In generally ministers and prime-minister refer often that they are fully satisfied with Estonian civil servants EU capabilities and in upcoming years priority is how to keep this level with less finances. National administration capability on EU matters was researched in two separate studies, one ordered by State Chancellery and second by the Parliament Chancellery. First analyze „EU-related Training Needs of the Estonian Civil Service 2008-2012“, was conducted by University of Tartu in beginning 2008 and evaluated professional ability of EU-related civil servants to carry out their tasks. Main conclusions were that Estonia’s civil servants overrate their EU-related knowledge and overvalue practical experience over knowledge. Additional language training and content based training is seldom – 57% of civil servants have had no EU related training during last 12 months. Parallel conducted testing showed that most civil servants need training on general EU matters, about EU law and also professional language training, to match the expectations of their superiors (Tartu University 2008, 64).

Second research „Representation of Estonian interests in Council of Ministers level“, conducted by Estonian School of Diplomacy, pointed out that the lack of human and financial resources has reduced Estonia’s representation to the level of reporting and by-passing the position, but there is not sufficiently analytical participation and negotiations. Evaluations from Commission side have not pointed out problems with ability of directives harmonization or implementation. In the same time Estonia has received some very high
penalties because of legal problems during the accession. Penalties for sugar, steel, and garlic exceed altogether 50 Euros per capita.

**5.5 Estonia’s initiative and coalition-making in EU level policy-making**

In generally Estonian coalition building will follow previous principles: coalitions are based on overlapping interests (ad hoc), are regional (Baltic States) or long term partnership (with UK). From time to time there have been countries with which Estonia has aligned more often, e.g. UK and Ireland, Germany (e.g. UK as a mentor before Estonia joined the EU). It would nevertheless be more correct and prospective to assess the strength of different European Union wide networks where Estonia is one of the partners than to search for certain bi-/multilateral partnerships. In the years 2008 - 2009 coalition building and consultations have increased with Germany.

Relations with the EU are developing as historical relations with the USA are weakening; both president Obama and state-secretary Clinton are found not fully understanding the CEE interests and commitment in US-Russia relation.

There are no central guidelines for coalition-making in the thematic area. When during the first membership years ideological coalitions with UK and Ireland were dominating, then during the recent years they have been replaced by the tactics of consultations held on regional bases (e.g. with Germany, Finland, Latvia, Sweden, etc.). Coalitions are chosen based purely on interests in the concrete question.

**5.6 Existing coalitions and coalition building methodology**

Regular meetings of PMs before every European Council between the 3 Baltic States + Nordic Countries (principle of tour de table): getting an overview of and exchanging views on current issues; refraining from striving for a common line in politics.

- Benelux + 3Baltic States: ad hoc meetings
- Bilateral relations: e.g. UK

Examples include:
Joint meetings of the Estonian Research and Development Council and the Science and Technology Policy Council of Finland (cooperation between Estonia and Finland in the area of research and development -> suggestions to the Government).

The Prime Minister of Estonia has commenced the development of strategic cooperation reports with Finland and Latvia. In June of 2008, the authors of the strategic cooperation report in Estonia and Finland presented the prime ministers with suggestions for better management of globalisation challenges and mutual help. In the autumn, the Estonian Government will discuss the priorities of Estonian-Finnish cooperation and the principles of implementing the suggestions. Based on those discussions, the measures for regional cooperation will be added to the Estonian Action Plan for Growth and Jobs in 2009.

6. Estonian positions on EU institutional system: Lisbon and onwards

Estonia was quite strongly opposing the idea of nominating the President of the European Council as it leads to further elitarianism and big powers influence growth in EU policy making. First, there is a danger that the position will increase the influence of bigger member states. Second, together with the High Representative’s, EC Commission President’s and EP President’s position the European Union may indulge into an increased and ineffective competition and functional overlapping. Third, Estonia would prefer a further clarification of the Council President’s functions and competences (job description). Estonia is stressing that the assisting secretariat should consist of a proportional representation of all member states.

Estonia had doubts in the questions of - the functional need for the Council’s President and President’s political role next to the Commissioners and MS Parliaments’ presidents as well as the High Representative. In the final phase on ratification Estonia accepted the situation if it is needed for ongoing institutional reform.

In the question of establishment the post of High Representative (HR) for Foreign Policy Estonia supports the integrated approach for establishing the High Representative position, but demands clarification on practical functions and procedures of HR position and supportive structure. Estonia is ready to support establishing integrated EU External Action Service and reformed position of High Representative also as separate reform
Estonia also supports the Revision of the representation in the European Commission. This question is one of the main Estonian priorities in the institutional reform. Estonia supports the reduction of the number of Commission seats and establishing the rotation system if it will be transparent, equal and will ensure access to information also for the countries not having a commissioner during a certain period. Estonia finds the final version of the European Commission reform of seats and rotation better than the Constitutional Treaty version and is ready to support it.

7. Conclusions
Estonia started its participation in the EU with attempts of active participation, but during recent years Estonia’s participation has changed to more passive and less participant. If possible Estonian representatives prefer supporting majority opinion. Estonia prefers policies supporting competitiveness and sufficient economic growth, continuing the deregulation and liberalization of the Internal Market, which enables the Member States to maximise the use of resources for the creation of better competition conditions for both enterprises and citizens. According to Estonia’s opinion more attention should be given to research and development integration to make Europe globally more competitive.

Estonia is supporting all the main EU initiatives: Lisbon Treaty ratification, ongoing enlargement and new security initiatives.

Estonia is in most areas policy taker or policy supporter. In some areas Estonia is conditional policy taker or supporter, but has very rarely its own policy initiative. In some areas like climate and energy questions policy Estonia is conditional policy taker satisfied with general policy purposes if specific Estonian circumstances are understood. Estonia is also a potential policy opposer if its interests are not met (for example in energy policy).

Estonia can be policy blocker in areas where new rules are seen working against market principles (tax harmonization for example) or forcing states to solidarity in unreasonable bases (pollution quotas). Estonia is policy promoter in very few cases mainly concerning integration of databases or rules, setting up electronic databases etc.
In the CAP and budgetary issues Estonia can be considered both as a policy supporter and policy taker. The Estonian government would like to create an image of a constructive pragmatic member state, who does not talk much and all the time but when expected to say a word in some issues, the positions and propositions are well thought through and prepared thoroughly.

In the near future main focus will be given to fulfilment Maastricht Criteria and getting ECB and Commission´s support for rapid accession to Euro-zone. Accordingly, Estonian representation will be ready for compromises on other areas. Intrastate actors are quite united in two EU related financial questions: in attempts to fulfil Maastricht Criteria and getting EU structural support in year 2010.

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National Preferences and Bargaining during the First Five Years of Lithuania’s EU Membership: Policy Taker, Mediator, Initiator
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1. Introduction
Since the start of scholarly debates on integration of Central and Eastern European countries into the European Union (EU), the dominant approach was a top-down perspective of EU impact on policies, politics and polities of these countries. This tendency has reflected both the nature of the relationship between the EU and the candidate countries with the latter adjusting to the conditions of the former in order to join the Union and of the growing popularity of the Europeanization debates in European studies’ field.

The accession of Central and Eastern European countries into the EU in two waves of 2004 and 2007 has brought to the attention the issue of the European policies of these newly acceded member states, reviving the debates on the sources of national preferences, the main actors and the outcomes of representing national interests in the EU. In other words, the early experience of participating in the decision making of the EU provides a fruitful field of bottom-up analysis of the European policy of new EU members. Besides, five years after their accession one could expect changes to the behaviour of these countries as policy takers and “being good Europeans”, which has been dominant previously, in particular during the accession negotiations, to gradually turn into more proactive European policy efforts at uploading national preferences onto the EU agenda.

This paper addresses the sources of preference formation of Lithuania’s European policy. More concretely, it asks what have been the key factors which determined national preferences of Lithuania during the first five years of EU membership, what have been the key actors which influenced most the content of the national preferences and what have been the key policy areas where Lithuanian institutions have been most active, finally, what factors can account for the varying degree of influence and success with which Lithuania has been able to upload its national policy preferences onto the EU agenda.
The analysis starts with a brief overview of relevant literature which deals with the issues of national preference formation of EU member states to set a background for the articulation of arguments regarding the preference formation in Lithuania. It formulates arguments regarding the sources of national preferences and the factors which influence their transmission onto the EU agenda. It then presents the analysis of Lithuania’s national preferences and bargaining behaviour in the EU during the negotiations of the Constitutional Treaty and the Lisbon Treaty.

It then discusses the European policy areas where Lithuania has been increasingly active as policy maker both domestically and on the EU arena and discusses the factors which seem to be at play in determining the varying degree of success of uploading national preferences onto the EU agenda. In concludes with observations which can be made so far taking into account the limited time frame of Lithuania’s participation in the EU policy making processes.

2. The analytical framework

The participation of new EU member states in the EU policy process can be analyzed through the lenses of national preference formation and uploading of their preferences onto the EU agenda (interstate bargaining). Such an analysis requires addressing the questions of what are the sources of national preference formation on particular European policy issues and what determines the outcomes of interstate bargaining at the EU level. One way to analyze these issues is by using the liberal intergovernmental approach which sees national preference formation as the process of domestic (usually economic) societal groups interacting with the national leaders (usually executive governments), while the interstate bargaining depends on the relative bargaining power which in turn depends on the degree and nature of economic interdependence (Moravcsik 1998). However, this approach seems of limited use in cases of institutional and security issues which do not affect directly the competitive position of economic interest groups in the country. Moreover, it’s application is very limited in the case of new EU member states due to the emphasis on the economic interdependence as a source of bargaining power, as most of these countries (with an exception of Poland) are small and open economies, and for time to come net receivers of EU funds. Therefore they are asymmetrically
dependent on the EU and by definition are doomed to be policy takers in the EU without any prospects of uploading their national preferences onto the EU agenda. However, this paper is based on the assumption that despite the nature of asymmetric dependence with the rest of the EU, it is useful to analyze the preference formation and bargaining behavior of countries such as Lithuania. To be sure, liberal intergovernmentalism can explain the process of EU accession negotiations as an asymmetric adjustment of the acceding countries (Moravcsik, Vachudova 2003), it can also provide an account of decision making in the enlarged EU and the relative influence of different EU member states depending on their bargaining power. Besides, as A. Moravcsik has pointed out, the logic of liberal intergovernmentalism is most visible in cases when societal interests behind specific policy issues are well defined and institutionally represented (Moravcsik 1998, 36) – conditions which have often been absent in countries undergoing transition and integration reforms. The more uncertainty regarding the outcomes of particular policy decisions there is, less predictable is the process of preference formation according to the logic of interaction between the interest groups and policy makers and more important other factors such as ideology might be. In addition, it could be argued that more uncertainty there is regarding national preferences towards the EU, more likely is the behaviour of the government which follows the logic of being “a good European”, rather than calculation of national interests and hard bargaining. The analysis of Lithuania’s accession negotiations shows that uncertainty and lack of information is more important constraint for small domestic companies, while large transnational enterprises are better informed about EU norms and therefore are more successful in transmitting their preferences to the national government (Maniokas, Vilpišauskas, Žeruolis 2005). Liberal intergovernmentalism can provide a useful starting point by providing a structure of analysis and a set of variables to start from. However, one needs more nuanced lenses to analyze the preference formation and bargaining behavior of small and mid-size EU members, which are asymmetrically dependent in terms of trade and in terms of being net receivers from the EU budget.
Therefore, this paper also draws on other works which discuss variables affecting national European policies of EU members. For example, in addition to the variables stressed by liberal intergovernmentalism – intensity of trade relations, net receipts from the EU – some authors have also used factors such as ideology (left and right wing attitudes), history (experience of the Second World War) and public opinion to test the causes of government support for European integration (Aspinwall 2006). Other authors, asking to what extent the variables used to explain European integration preferences in the Old EU member states can also be used to analyze the national preferences of New EU members, have argued that “there is no silver bullet which provides explanations both for all countries and all policy areas” (Copsey, Haughton 2009, 269). They hypothesized that national preferences are policy specific with general support for European integration and liberalization being dependent upon ideology, support for redistributive policy on whether a country is a net recipient or contributor, foreign policy on history and size, and, finally, preferences towards EU enlargement on geography and attitudes regarding deeper integration. The relative importance of these factors depends on the concrete policy fields where a particular member state is seen as most vulnerable, or, as the authors put it, “state will prioritize those particular areas of European policy that are perceived to compensate for their particular shortcomings” (Copsey, Haughton 2009, 273).

In addition to assessing the variables behind the preference formation, this paper also uses the literature on interstate bargaining and uploading of national preferences onto the EU agenda to assess how effective has been the representation of national preferences during the process of EU decision making. Although liberal intergovernmentalism tends to assume that small asymmetrically dependent countries such as Lithuania are likely to be policy takers without any major chances to feed their national preferences into the EU decisions, some authors have drawn attention to variables which allow expecting different outcomes. One of the approaches maintains that the possibilities to exercise power and influence in the EU depend on a number of resources such political and economic weight, political, social and economic practice, persuasive ideas, compelling demands, credibility and consistency (Wallace 2005). Thus, while it acknowledges the importance of such variables as political and economic weight, its arguments
regarding the importance of factors which could be exploited by small EU member states such as persuasive ideas, credibility and consistency have already been used to explain instances of influencing major EU decisions by small Benelux countries (Maes, Verdun 2005). This offers a potentially fruitful venue for the research of New EU member states, linking their bargaining behavior with sources of national preference formation as well as domestic policies and practices which can have an effect on European policies and the potential for influencing EU decision making process.

The analysis of this paper is constructed on several arguments. Lithuania’s aspiration to join the EU has been based on a number of economic, political and security benefit. It was the broad party and expert consensus which was behind the aim of a rapid conclusion of accession negotiations to be part of the first wave of EU enlargement into the Central and Eastern Europe. The parliamentary parties’ consensus as well as general positive public attitude towards EU membership have continued after the accession and provided a background against which specific European policy decisions have been elaborated by senior civil servants at the executive government.

This consensus towards a fast accession process has allowed the country to adjust quickly to the EU conditionality (institutional and regulatory reforms with transition periods for the most sensitive issues such as closure of Ignalina nuclear power plant or sale of agricultural land to foreigners, or most costly measures such as increase in excise duties or investments into environmental protection). The prioritization of EU accession coupled with the logic of asymmetric adjustment created a pattern of behaving as “a good European” supporting further European integration. This logic of bargaining could be observed during the process of participation in the work of Convention, drafting of the Constitution for Europe and, finally, negotiating the Lisbon Treaty. High uncertainty and non-familiarity with EU norms also contributed to this logic of behaviour.

After joining the EU, the key priorities of European policy have been formulated by senior civil servants and adopted by the parties in power, for example, by signing the cross-party declaration on new Lithuanian foreign policy priorities in 2004. They focused on remaining
“leftovers” from the process of accession such as joining the euro zone and Schengen area, with two policy areas such as European energy policy and Eastern Neighbourhood policy emerging as the policies of active support for further integration (both deepening and widening). This process of preference formation was dominated by the executive government and driven by the motive of Europeanizing policy areas where Lithuania was seen as most vulnerable due to its geopolitical situation as well as economic interdependence with neighbouring non-EU countries. However, the record of influencing EU decision process has been mixed. While in some cases, national preferences have been successfully fed into the EU decisions (enlargement of Schengen area, adoption of the Eastern partnership initiative), in other cases Lithuania failed to convince EU institutions and other member states to adopt its proposals (to join the euro zone in 2007, to create a common energy policy allowing for a unified stance of the EU vis-à-vis Russia). It is argued that inconsistency of domestic policies originating from policy makers wary of popular attitudes and in particular interest groups activities rather than asymmetric bargaining power prevented Lithuanian government from convincing its EU partners.

In most other European policy areas Lithuania has remained a passive policy taker, with some temporary exceptions (for example, strong initial support for the original version of services directive or support for the protectionist measures with regards to imports competing with domestic producers). In most such cases, the competitive position of domestic economic interest groups interacting with executive government seems to be the prevailing explanatory variable behind the national preferences. During the negotiations of financial perspective for 2007-2013 and preparation of national position of the EU budget review during 2007-2008, the support for the status quo seems to be a dominant logic explained by the net recipient position of Lithuania. Only in very few cases, the European policy issues have become a matter of party politics. These included the closure of Ignalina nuclear power plant which has been seen by public as unjustified accession obligation and therefore manipulated by some parties as a pre-election issue calling for a referendum to review this membership condition, also the
suggestion to recognize the Stalinist crimes which has been raised by country’s representative in the EU institutions.

These arguments are elaborated in the following sections which first present the analysis of Lithuania’s position during the key institutional bargains of drafting the Constitution for Europe and later adoption of the Lisbon Treaty. Afterwards the main European policy priorities of Lithuania during the first five years of EU membership and the record of their implementation are presented. Preliminary observations regarding the logic of preference formation and participation in the EU decision making are suggested, which concludes the paper. It should be noted that the paper does not discuss the accession negotiations – the logic of preference formation, key actors and the dynamics of bargaining process, which has been already discussed at length elsewhere (see Maniokas, Vilpišauskas, Žeruolis 2005).

3. From Convention to the Lisbon Treaty

Almost a year before the completion of accession negotiations, Lithuania and other candidate countries were invited to take part in the EU Constitutional Convention which drafted a Constitution for Europe (or the Constitutional Treaty). The Convention which worked from February 2002 till July 2003 represented a new form of preparing the institutional changes to the Treaties of the EU since it involved both the governments and the parliaments from the member states. Candidate countries also participated in the Convention – Lithuania was represented by one representative from the executive government (Ministry of Foreign Affairs), and two members of the Parliament, each of them also had their deputies. Although the status of candidate countries allowed them to present their views and proposals, they could not veto the proposals supported by incumbent countries (the option which has not been used). Later, during the Intergovernmental Conference (IGC) in 2004 which adopted the Constitutional treaty, new members had the same rights as incumbent 15 member states.

For Lithuania, participation in the IGC and later the ratification of the Constitutional Treaty represented the process of socialization during which the logic of “good European” supporting the bargaining process and the eventual agreement prevailed. Thus, the main elements of
Lithuania’s position proposed by the Minister of Foreign Affairs in the debate on the future of Europe organized at the President’s office in December 2001, included the support for the evolutionary rather than revolutionary institutional reform of the EU, the support for the Community method and strong supranational institutions which were seen as protective of the rights of smaller EU member states, the preservation of the solidarity principles (and the reform of the EU budget after the enlargement to increase it) (Martikonis, Navikas, Kuprys 2004, 19). In another debate organized in the Parliament the same month the leaders of Parliamentary factions presented their views on the issues to be debated in the Convention. There have been routine repetitions of the importance of solidarity, equal treatment of all EU member states, importance of national parliaments and other general principles. But only the mentioning of Christianity in the Preamble of the Treaty was probably the only subject of more heated parliamentary debates. It should be noted that debates on the Constitutional Treaty have often got mixed with the discussions of the issues of EU accession negotiations, in particular as the negotiations approached their final stage in 2002 when most sensitive issues had to be settled, rather than the issues of institutional reform of the EU.

At the same time, the debates in the Parliament as well as discussions by academics and NGOs (often organized by the official representatives of Lithuania to the Convention) had an important element of socialization, learning and familiarizing with the discourse on the EU institutional reform. However, the method chosen also limited the possibilities for critical analysis of the issues and the formulation of the “red lines” (which were absent). The parallel processes of the work of Convention and the accession negotiations where Lithuania aimed to catch-up with the first group of the candidate countries and to join the EU in the “first wave” of enlargement also directed the participation in the preparation of the Constitutional Treaty towards the search for a consensus and agreement (reinforcing the role of a “good European”). This argument could be supported by several factors – the position of Lithuania on one of the most contentious issues of redefining the rules of qualified majority voting (QMV), the speed and timing of ratification of the Treaty in Lithuania, and the role of mediator played by
Lithuania later during the negotiations of the Lisbon Treaty in 2007 between Poland and Germany.

It has been observed that the provisions of the Nice Treaty were more beneficial for Lithuania and many other small and medium Member States compared to those that were initially laid down in the Constitutional Treaty (Maniokas, Vilpišauskas 2005). However, both in the Convention and at the IGC which followed it, Lithuania supported a new double formula of QMV, although this meant a decrease in its own power. During the IGC negotiations, Lithuania’s position became clearer, supporting explicitly the formula 60/60 and pointing out the advantages of the Nice Treaty, however, it did not openly supported Poland and Spain which were unambiguously defending the QMV rules of the Nice Treaty. Only after the failure of the IGC negotiations, the Irish presidency managed to finally find a compromise, which moved the definition of the QMV towards a higher threshold and gave smaller Member States more weight in blocking decisions.

Still, in arithmetic sense for Lithuania this meant a loss of voting power with the parallel extension of the application of QMV rules for a number of additional policy areas (around 40 new areas). Moreover, although still in February 2003 Lithuanian Government stated in its position that the principle of rotation of the presidency in the EU Summits and Councils should be preserved to ensure the equal status of all member states and the links between their societies and EU institutions, it soon agreed with the creation of the position of the Permanent EU President. The support of Lithuania for the new rules of the QMV was justified on the basis of more effective system of decision making, while the change in a position on the issue of a permanent President of the EU was justified by the fact that the initial idea of this institution has been modified and it will ensure the continuity of the work of the EU summits (Martikonis, Navikas, Kuprys 2004, 27).

Later, when the Constitutional treaty was adopted by the EU, Lithuania was the first member state to ratify it in the Parliament in November 2004. To be sure, domestic politics can also be used to account for such a move. The Parliamentary elections which took place in Autumn 2004 brought into power a newly established Labor party which was seen as a populist party causing
uncertainty about the European direction of a prospective ruling majority. Therefore, one could argue that the incumbent members of the outgoing Parliament acted strategically trying to strengthen Lithuania’s role in the EU by showing its support for the Constitutional Treaty.

On the other hand, no major parliamentary party in Lithuania until now proved to be Euro sceptic. One of the features of Lithuanian party politics is that there has been a constant and wide support of Lithuania’s EU membership across political spectrum, probably reflecting popular attitudes which have been strongly positive towards EU membership among the general public since around 2003. For example, the results of the referendum on the EU membership which took place on May 10-11, 2003, in Lithuania have been among the most positive of all acceding countries (with the turnout of 63.37 percent, of which 91.07 percent voted for the EU membership). Since then popular opinion on EU membership in Lithuania remained among the most positive in the EU member states with no major fluctuations (Gaidys 2009). Therefore, the actual possibility that a newly elected parliamentary majority in Lithuania could actually reject the Constitutional Treaty seems quite small. Although some political parties tried to turn the issue of postponing the closure of the second Ignalina nuclear power plant reactor into the major popular debate by initiating a consultative referendum together with Parliamentary elections in Autumn 2008, it failed due to insufficient popular turnout (a sign which could be interpreted as a scepticism toward political manipulation of accession commitments rather than indifference towards the EU because at the time popular surveys showed support for the EU membership still at above 70 percent).

It should be noted that after the Constitutional Treaty was rejected in the referendums in Netherlands and France and the “period of reflection” led to a new IGC, Lithuania’s position was that the essence of the Treaty should be preserved. Lithuania was increasingly focusing on the importance of the Treaty provisions on the security of energy supply which after the accession into the EU became one of the country’s European policy priorities. In addition to a provision on energy security agreed in 2004 IGC the reference to the “spirit of solidarity” among the member states and a new point on the promotion of interconnection of energy networks was introduced (Council of the European Union 2007).
Lithuania played an active role of mediator during the final stage of negotiating the Reform Treaty (later to become the Lisbon Treaty) when the EU Summit in June 2007 decided to convene an IGC and adopted its mandate regarding the drafting of the Treaty. According to some Lithuanian Government officials, it was due to this role of mediator between Poland and Germany holding the Presidency of the EU during the final stage of negotiating the Reform Treaty in the first half of 2007 that Lithuanian President Valdas Adamkus was later awarded the Price of the European of the Year 2007 by the European Voice (Ušackas 2009, 11). Interestingly, it was the QMV rule, which was the main issue, questioned by Poland with Lithuania being a mediator and facilitator of the agreement on the Lisbon Treaty rather than directly supporting Polish position. Eventually, the agreement on the voting rules was reached by postponing their application with some minor modifications falling short of the QMV model proposed by Poland. The agreement was seen as reflecting the national preferences of Lithuania.

4. Achievements and limits of active European policy: “accession leftovers”

Already before the actual accession into the EU, Lithuanian Government started the process of formulating national preferences and priorities of country’s European policy. There have been several instances of active European policy efforts which have originated from the EU agenda. These were the cases of Services directive, negotiations on the Financial perspective of 2007-2013, preparation of the position on the new EU budget review. It is not within the scope of this analysis to discuss these instances in more detail. Suffice it to say that in most cases when the issue was triggered by the EU agenda, the leading role in the process of policy formation was played by senior executives in the ministry responsible for particular issue (and often Ministry of Foreign Affairs).

For example, in the case of Services directive which was probably the main EU integration initiative in the field in internal market in the post-accession period, the national preferences were formed on the basis of senior civil servants (former members of accession negotiations team) driving the preference formation process interacting with the (rather passive) domestic economic interest groups and experts who on the basis of market access arguments, favoured
strong support for the original version of services directive (more on this see Kolyta, Žeruolis 2010). It was one of the few cases when Lithuania’s bargaining behaviour did not correspond to the logic of “good European” when Lithuania preferred to abstain from supporting the watered down version of the directive. However, afterwards the preparations for the implementation of the adopted Services directed have been slow and lagging behind the schedule which can be explained by the lack of awareness of businesses and policy elites who have been quite passive during the entire process of negotiations. This contrast between active support for the initial version of Services directive and very passive approach towards the implementation of its revised versions has been assessed as damaging the credibility and image of Lithuania among its EU partners (Kolyta, Žeruolis 2010).

Negotiations of financial perspective for 2007-2013 were another test of preference formation and bargaining inside the enlarged EU. Again, in this case the argument that national preferences are aimed at maximizing the net balance between contributions into the EU and receipts from the Union has been confirmed, and Lithuania like most other net receivers accepted the deal drafted by Great Britain and other major contributors to the EU budget, even though it did not correspond to the initial demands of Lithuania (for a detailed analysis see Špokevičiūtė, Žeruolis 2007). Lithuania was pressing for the structural support more proportionally linked to the economic development of each member state as well as the specificity of the Baltic states requiring an exception from the 4 percent of GDP ceiling rule until the very last night of the negotiations in December 2005.

However, Lithuania like other new member states agreed to a deal because they stood to benefit from the EU budget anyway, and this was exploited by Great Britain which proposed to reduce the structural support already on the table just weeks before the Summit. After symbolic proposal of the Presidency to increase funding for the closure of Ignalina nuclear power plant, Lithuania supported the final deal. In public, it was presented as a major victory of Lithuanian diplomacy.

Although these bargains present probably the most important cases of negotiations in the enlarged EU on regulatory and redistributive issues, this paper focuses on two other categories
of European policy priorities which have been stressed by the Lithuanian authorities since the end of accession negotiations and the accession into the EU. One category includes what could be called “leftovers” from the accession process, namely joining the euro zone and the Schengen area. Another category includes energy policy and Eastern Neighbourhood Policy where Lithuania has been actively trying to upload its preferences on the EU agenda and to achieve its objectives by Europeanizing (EU-izing) its domestic policy problems or its bilateral relations with EU neighbours. These European policy priorities have been regularly stressed by Lithuanian policy makers in their speeches and the main strategic policy documents initiated by the diplomats since the completion of accession negotiations (see Valionis 2004, 84-89).

However, the progress of achieving the main objectives in these European policy areas has been mixed. While Lithuania failed to introduce euro in 2007 as planned with the prospects of it remaining quite remote, it has joined the Schengen area by the end of 2007. The progress in Europeanizing energy policy issues and neighbourhood policy agenda has been even more complicated with some initiatives in these areas being adopted on the EU level, while others being ignored by the EU partners, delayed or reversed in the domestic arena. Although the process of learning and adapting to the EU routines still could be seen as an important restrictive factor, it is argued that the main failures to achieve the key European policy objectives were due to the inconsistency and low credibility of Lithuanian policies linked to the achievement of these objectives, divergence of interests of European policy makers (first of all, senior bureaucrats) and economic interest groups, preventing from consistent adoption of policies and projects characterized by long-term implementation periods.

Thus, probably the biggest failure of Lithuania’s European policy to join the Economic and Monetary Union (EMU) resulted from domestic fiscal and regulatory policies inconsistent with this goal of rapid euro introduction. The accession into the euro zone has been seen as a part of the broader process of joining the EU, and, according to the Accession Treaty, the country committed itself to introduce euro as soon as the relevant convergence criteria were met. It should be noted that in 1994 Lithuania adopted a currency board arrangement which was based on several pillars including a fixed exchange rate in relation to an anchor currency.
Although at the beginning the US dollar has been chosen as an anchor due to its importance for the country’s economy, in 2002 it was replaced by euro. The currency board regime with the national currency’s fixed peg to the euro has been a cornerstone of the strategy of adopting euro. Formal accession into the ERM II in June 28, 2004, less than two months after joining the EU formed the basis for the monitoring of how the country stood with respect to nominal convergence criteria. It should be noted that at the time of joining the ERM II, Lithuania committed “to secure a balanced budget over the medium term” as well as undertake structural reforms aimed at further enhancing economy’s flexibility and adaptability “in a timely fashion” (European Union Communiqué 2004). However, these aims have not been achieved during the years of high economic growth, despite the fact that European Commission and local expert community have routinely criticised the Government because of the pro-cyclical fiscal policy, inability to balance the budget and the lack of structural reforms. Similar recommendations have been proposed by the IMF analysts who only after the analysis of economic trends of Lithuania and other countries with currency boards came to the conclusion that the currency board arrangement can satisfy all the requirements of a regime leading towards the accession into the EMU and could be the first-best policy for these countries (Gulde, Kahkonen, Keller, 2000). Importantly, it was noted that if countries wished to preserve the viability of their currency board arrangement during the preparations for the introduction of euro, they had to maintain fiscal policy discipline and preserve flexible labour markets.

It seemed in 2005-2006, that there was a window of opportunity to swiftly join the euro zone together with Slovenia in 2007. Lithuania met all nominal criteria at that time, although as the time of formal application and the evaluation of country’s compliance with Maastricht criteria approached, inflation has been picking up. However, differently from Estonia which decided to withdraw its application to be evaluated for the readiness to introduce euro in 2007, Lithuanian policy makers maintained their determination to introduce euro. In March 2006, Lithuania applied to be evaluated in terms of its readiness to introduce euro.
However, despite the formal readiness to be assessed and official position that country was ready to join the euro zone, there was a lack of well articulated political consensus regarding this goal. Although it was stated in the strategic programs and strongly supported by the Central Bank and MFA (also senior bureaucrats in the Ministry of Finance) as well as the community of analysts, some key actors of the Government have been reluctant to advocate the introduction of euro both at home and talking with the EU institutions. To some extent, this was a reflection of a rather reluctant public which was not as supportive of membership in the euro zone as compared to relatively strong enthusiasm regarding membership in the EU. The main concern for the public, judging from the public surveys, had to do with a fear of price increases expected to follow the introduction of euro (see Eurobarometer Surveys). Interestingly, the share of population favouring the adoption of euro increased after the failure to introduce it in 2007, although it has still been below 50 percent.

It should also be noted, that reluctance of some political leaders to support in public the goal of joining the euro zone was also reflected in a lack of consistency and viability of euro-oriented policies. The lack of budgetary discipline as well as certain decisions in the area of regulated prices (energy, transport) contributed to the acceleration of inflation during the period of 2005-2008. The expansionary policy at the times of fast economic growth and rising wages contributed to the acceleration of inflation (and to the rapid growth of budgetary deficit and debt since 2008). Although global market trends, in particular rise of energy and food prices, and the one-off effects of joining the EU customs union impacted on price increases in Lithuania, domestic demand pressures have also been shown to contribute to this inflationary trend. For example, IMF analysts emphasized the importance of the nontradables inflation which pointed to the importance of regulated price increase and growing domestic demand, it was recommended at the time to adopt a conservative fiscal stance in order to contain future inflationary pressures in Lithuania (Ohnsorge, Igan, Lugaresi, 2006). The decisions to allow for the indexation of the assets owned by energy companies in 2004 which increased the room for the regulated prices to be raised as well as the regulatory policy measures allowing for the
increase in public transport prices also added to the inflationary pressures which came into effect in 2005 and later.

Thus, while the monetary policy has been clearly targeted towards the adoption of euro as soon as two years of membership in the ERM II come to completion, other economic policies, in particular budgetary policy and certain regulatory decisions have been inconsistent with this goal. The contradicting public statements of some ministers of the Government and late intensified diplomatic efforts in the Spring of 2006 to mobilize the political resources trying to convince the EU institutions that the country was ready to introduce euro illustrate the hesitancy of political elite and the gap between officially declared goal and the actual policy efforts.

In spring 2006, Lithuania’s compliance with the Maastricht criteria was evaluated by the European Commission and the European Central bank. The conclusion which both institutions made and which was in June 2006 submitted to the European Council was that “Lithuania meets all the convergence criteria except the one on inflation. The average rate of inflation has been slightly higher above the reference rate value since April 2005 and is expected to rise gradually until the end of the year” (European Commission 2006). The recommendation was that there should be no change in Lithuania’s status as an EU member state with derogation. Although Lithuania’s leaders attempted to convince the Heads of other Member States at the June 2006 Summit that this was not an obstacle for the adoption of euro in 2007, since the difference was less than 0,1 percent (the average inflation rate in Lithuania was 2,7 percent while the reference value was 2,6 percent), the conclusions of the Summit approved the negative opinion of the EU institutions.

Although afterwards the goal of joining the euro zone in 2010 has been voiced, with the accelerating inflation and the prospects of euro adoption becoming more distant it was abandoned for a more flexible formula of “as soon as country meets convergence criteria”. It should be noted, that the Law of Fiscal Discipline which has been advocated by some analysts for number of years has been finally adopted in November 2007 with a view to facilitating the achievement of the cyclically balanced budget and the introduction of euro. But it was a step
taken too late and when the time came for it to be tested (the intention was to have a balanced budget in 2009), the start of the economic decline made this law largely obsolete due to its emphasis on restricting expenditure growth. With the economic decline starting in the end of 2008 and accelerating in 2009, the budgetary revenues declined significantly while the expenditures which have been raised before the Parliamentary elections of 2008, have not been cut correspondingly (even though they have been adjusted downwards in the course of 2009 several times to a significant degree). By the end of 2008 Lithuania for the first time since it joined the EU exceeded the budget deficit criteria of 3 percent (it was 3,2 percent set to reach almost 10 percent in 2009). The state debt is also projected to reach around 30 percent in 2009 from just around 16 percent in 2008. This rapid increase of fiscal deficit makes the prospects of introducing euro quite distant, now forecasted at 2014.

The case of Lithuania’s attempt to adopt euro in 2006-2007 has probably been one of the most debated cases in the history of euro zone enlargement. The rejection of its application by the European Commission and the European Central Bank on the basis of missing the inflation criteria had been criticized by analysts and policy makers leading to more general debates about the nature of convergence and the meaning of Maastricht criteria as applied to new member states. Criticisms regarding the methodology of calculating inflation criteria as well as the inconsistency of applying convergence criteria to euro zone members and candidate countries have been raised (see Vilpišauskas 2007, Vilpišauskas 2009). A very strict interpretation of convergence criteria applied to the new member states in the context of a number of the founding euro zone members seen as breaching the criteria at the time of the creation of the EMU and the relaxation of Stability and Growth Pact provoked claims about the application of double standards\(^6\). However, what is important for the analysis of this paper is that it was inconsistent and non credible fiscal and regulatory policies, ignoring the recommendations of the European Commission and the IMF, which were behind the failure to

\(^6\) Willem Buiter has been among the most vocal critics of the strict interpretation of the Maastricht criteria by the ECB and the European Commission in case of Lithuania (see his blog [http://blogs.ft.com/maverecon/](http://blogs.ft.com/maverecon/)). For a similar criticism see Begg, I. (2008) and for the most recent criticism see De Grauwe, P. (2009). On the application of the convergence criteria for the new members see Ahearne, A., Pisani-Ferry, J. (2006).
convince EU leaders that Lithuania was ready to join the EMU. Intense diplomatic efforts and even broad support of European expert community did not help to compensate for the domestic political inconsistencies. It is clear that in the future the need to meet fiscal criteria will require unpopular decisions regarding the budgetary spending, even as the economy starts recovering, which will not be easy politically before the Parliamentary elections in 2012.

Although the failure to introduce euro did not result in political resignations, it had an important effect on Lithuanian policy makers. It is quite possible that a fear of a similar failure with regards to country’s accession into the Schengen area of free movement of people was behind the intensified efforts to prepare the country and convince the EU to enlarge the Schengen area in the end of 2007. To be sure, the framework of accession into the Schengen area is very different from the EMU accession in terms of conditions which a country has to meet. Instead of broad economic trends in the case of EMU, the main focus of joining the Schengen area is on the border infrastructure and information sharing systems, which are more directly influenced by the state institutions. Besides, in this case it was the delay on part of the EU institutions and some incumbent EU members who threatened the initial plans adopted in 2006 of enlarging the Schengen area. Lithuania and Slovenia showed the initiative to support the proposal of Portugal (the so called SISone4All project) which aimed at overcoming the possible postponing of a new information system (SIS II) which threatened the timely enlargement of Schengen area.

Although during the early stages of preparations of infrastructure there have been some criticism of Lithuanian authorities by the European Commission and some questions raised regarding the use of resources for the enhancement of border protection facilities, Lithuanian institutions were quick to respond to these criticisms. This allowed Lithuania and eight other EU members to join the Schengen area in December 2007 for the ground travel controls and in March 2008 for travel control in airports. This had important symbolic meaning because it showed visibly the benefits of enlarged and united Europe for the citizens of its member states.
5. Achievements and limits of active European policy: becoming a selective policy maker

It is more difficult to assess the achievements of Lithuanian European policy in the areas of energy and neighbourhood policies. Compared to the accession “leftovers” which had concrete target dates with concrete measures which had to be met, the energy policy and Eastern neighbourhood policy goals are more diffused. Besides, they require the consensus of all other EU member states. For example, in the energy field, the main goals of Lithuania could be formulated as follows: integration of the EU internal electricity and natural gas market, achieving a diversity of sources of supply, forging a common position of the EU vis-à-vis external suppliers, and increasing the security of supply at competitive prices. For Lithuania, this implies integration of its electricity and natural gas market into the European networks, thus increasing the sources of supply, allocating EU funds for the main infrastructure projects (electricity links with Sweden and Poland, new nuclear power plant) and forging a common EU position vis-à-vis Russia on the issues such as closure of Druzhba pipeline in 2006.

It has been maintained that Lithuania had favourable structural conditions to influence EU’s energy policy – the latter has been in the process of being seriously drafted just at the time of EU’s enlargement in 2004, besides, due to its high energy vulnerability Lithuania had strong incentives to actively upload its national preferences on the EU agenda and seek to use EU’s policy instruments to further its national goals (Vaičiūnas 2009).

However, the record has been mixed. On the one hand, Lithuania has consistently emphasized the issue of its isolation, the existence of the Baltic states’ “energy island in the EU”, the dependence on supplies from Russia (in particular natural gas) and these issues have been recognized by the EU in a number of its documents. For example, Lithuanian with the other Baltic states was mentioned as an isolated “energy island” separated from the rest of the EU in the Green book on the Sustainable, Competitive and Secure EU Energy Strategy issued by the European Commission in 2006. Also, the provision on the importance of infrastructure projects ensuring security of energy supplies has been included into the Lisbon Treaty. Lithuanian authorities also used an opportunity of the debate in the EU in 2007-2008 on the climate change to link this issue (in particular the allocation of emissions) to the closure of Ignalina.
nuclear power plant and the need for additional compensations from the EU to Lithuania. Eventually the EU decided to give Lithuania additional rights to emission quotas (depending on the actual need) and allocated financial support for the electricity bridge from Lithuania to Sweden as part of its Economic Recovery plan adopted in December 2008. Most importantly, in June 2009, the EU adopted a Baltic Energy Market Interconnection Plan which provides a basis for the implementation of electricity links and integration of the Baltic States into the EU energy market. The European Commission also raised the issue of Druzhba pipeline in EU and Russia summits.

On the other hand, the actual state of affairs in the field of energy in the beginning of 2010 when Ignalina nuclear power plant was finally closed due to the accession commitments is that Lithuania’s dependence on supplies from Russia (natural gas used for the electricity generation and electricity imports) has actually increased compared to pre-accession years, while integration with the EU has been absent (except for the old Soviet links with Latvia and Estonia which itself has been linked with electricity cable to Finland). It is the inconsistency of domestic energy policy which is the main reason behind the lack of progress in implementing the electricity power bridge and the new nuclear power plant projects with their deadlines constantly being postponed. This inconsistency is probably a result of the mismatch between the rhetoric of policy makers, in particular diplomats, which supported integration projects and the creation of European market, and the economic interest groups, which could loose from these projects or had different interests. It seems there has been a lack of powerful economic interest group (industrial users of electricity, for example) which would be interested in lobbying for the projects integrating Lithuania’s electricity and natural gas market into the EU networks, while there have been a number of groups interested in preserving existing links with Russia. Therefore, while the lack of interdependence with the rest of the EU was acting as an incentive for policy makers to push for the Europeanization of the energy policy of Lithuania and integration into the EU market, the dependence on Russia acted as an incentive for economic interest groups to preserve these links.
The credibility of Lithuania has been particularly damaged by the lack of progress in implementing the projects which have been politically agreed and declared in several National Energy Strategies. For example, the Strategy adopted in 1999 stated that generation facilities (including possibly a new nuclear reactor) which will have to replace the RBMK type Ignalina nuclear power plant reactors would have to be build by 2009. However, in 2009 after several feasibility studies undertaken the debate on whether Lithuania needs a new nuclear power plant was still going on and the new co-generation facilities were just started to be constructed. A renewed Strategy adopted by the Parliament in 2002 stated that Lithuania’s energy systems had to be fully integrated into the EU in 10 years – a target which will definitely be missed. The attempts to compensate for these delays by trying to convince the European Commission to reopen the issue of closing the second reactor of the Ignalina nuclear power plant and postpone it further discredited the credibility of Lithuania and risked its image as a country which does not honour its obligations. Finally, the splitting up of the National electricity company into several separate entities (production, transmission and distribution facilities), some of which were privatized, later creation of the controversial National champion Lithuanian Energy Organization modelled on the Czech Republic National energy company, which was dismantled just about a year later in 2009 to create again an integrated state owned national energy company, ambiguous and changing position on the Third energy package announced by the European Commission in 2007 – all these instances of inconsistent and contradictory policies, which have been regularly modified after the elections or a change in the Cabinet of Ministers and lobbying efforts of certain interest groups prevent from successfully Europeanizing the energy issues and using EU financial and political resources to tackle national issues and reduce domestic vulnerabilities.

The energy policy issues are closely linked with the Eastern neighbourhood policy. Increasing the diversity of sources and routes of energy supplies (electricity and natural gas) has been one of the policy objectives advanced by Lithuania in relation with the EU Neighbourhood Policy. It has been stated at a number of international conferences which Lithuanian authorities organized in Vilnius trying to position the country as a centre of the region which includes EU
and non-EU neighbouring countries and which resembles somewhat the territory of the Grand Lithuanian Duchy of the 15th century (later Polish-Lithuanian Kingdom). For example, in October 2007 Vilnius energy security conference was organized which discussed proposals for the EU external energy policy.

Overall during the first five years of EU membership, Lithuania modelled its role in neighbourhood policy on the basis of historical references and attempts to reduce energy vulnerabilities, rather than existing economic interdependences. This implied particular emphasis on the partnership with Poland and attention to Southern-Eastern neighbours such as Ukraine and Moldova reaching to the Caucasus, namely, Georgia. This manifested mostly in support for the democratic and economic reforms in these countries (“Orange revolution” in Ukraine and “Rose revolution” in Georgia), where leaders of Lithuania together with Poland played mediators’ role in domestic reforms linked to their closer relations with the EU. Lithuania also directed its technical assistance efforts to support reforms in these countries.

After Parliamentary elections in 2008 and Presidential elections in 2009 in Lithuania, the focus shifted somewhat to reflect more the actual economic interdependences of investments and trade and emphasis has been more on closer cooperation with the countries of the Baltic sea region, also Belarus and Russia.

The active efforts of Lithuania to promote EU’s relations with its Eastern neighbours seems to be an outcome of EU enlargement shifting the boundaries of the Union to the East and Lithuania being the border country of the Union with relatively intense economic links with its Eastern Southern neighbours. Efforts to bring these EU neighbours closer the Union by promoting the reforms which allow for closer integration can be explained by both economic interdependency and value based approaches. However, it is rather difficult to assess the effectiveness of Lithuania’s efforts to influence EU Eastern neighbourhood policy (and even more challenging to assess the effectiveness of EU policy towards its neighbours). There has been a growing attention of the EU to its Eastern neighbours which was particularly manifested in adoption of the Eastern Partnership (initially proposed by Poland and Sweden) and the
promise of Deep and Comprehensive Free Trade Agreements and Visa Facilitation agreements with these six Eastern Partners.

On the other hand, the actual progress of reforms in these countries has been very different depending on the country and influenced by the domestic factors as well as growing Russia’s influence in the region (See Lavenex, Schimmelfennig 2009). The prospects of closer relations with the EU in terms of liberalized trade and people movements also remain quite distant, even in the cases of Ukraine and Georgia. The slow progress of reforms in most of its neighbours and the need to reinforce the infrastructure projects which should integrate Lithuania into the EU market and other measures to reduce the vulnerabilities of its economy, in particular in the background of economic decline, might reinforce the tendency to shift attention closer to home from more distant neighbouring countries.

6. Conclusions

Early experience of participating in the EU decision making process provides some ground to argue that even small countries like Lithuania can be heard at the “EU table” provided that their preferences are formulated and presented consistently, its policy is credible and well argued. This is illustrated by the case of accession into the Schengen area and by the adoption of the Baltic Energy Market Interconnection Plan. However, such cases of successful uploading of national preferences onto the EU agenda have been rare and often even in the cases of few priority policy areas such as euro adoption, energy market integration or closer relations with Eastern neighbours the active efforts of senior bureaucrats and diplomats have not been successful.

The main factors explaining European policy failures are the inconsistency of domestic policies directly linked to the use of EU instruments in achieving national policy goals, which most often had to do with the mismatch between motivations of EU oriented diplomats and national political elites wary of public opinion or the demands of economic interest groups. High economic dependence on non-EU neighbouring countries, in particular in energy supply, and resulting lack of incentives for economic interest groups to lobby for further integration inside
the EU as well as often changing political ruling coalitions are the key factors reinforcing this mismatch and the inconsistency of domestic policies which reduce the possibilities for effective European policies.

It can be maintained that the logic of being a “good European” and consensus seeking to achieve a fast agreement which prevailed during the accession negotiations and the EU Treaty bargains, still dominates national European policy on the daily basis. The process of national preferences formation is mostly reactive and driven by the EU agenda. This tendency is likely to remain in the future. The main challenge for Lithuania’s European policy will be how to improve the effectiveness of its priority policies such as energy policy where the EU offers a potential of reducing vulnerabilities and solving collective action problem in dealing with other countries of the region.

**Bibliography**


1. Introduction

After the accession Poland, as the biggest new Member State, had the ambition to be an active and influential partner at European level. The main tenets of the country’s policy of the period 2004-2009 have to do with two distinctive background factors: economic development (catching-up process) and geographical location (relations with the Eastern Europe). Throughout this period the Polish government was torn between the need to acquire respectability (especially required of big Member States) and maximizing the benefits of the membership. The post-accession period coincided with the period of turbulence in the Polish political scene. It can be divided into three distinctive periods: technocratic, the caretaker government of Marek Belka (2004-2005), the boisterous government of Jarosław Kaczyński, made up of the Law and Justice, the Self-defence and the League of Polish Families parties (2005-2007), the pragmatic government of Donald Tusk, made up of the Civic Platform and the Polish Peasant Party (from 2007 onwards).

2. Main priorities of Poland in the accession negotiations

For the Polish government the pre-accession period was characterized by the strategic thinking, disciplined by the constraints of a goal-oriented, merit-based character of the negotiations. There were three major bones of contention between Poland and the European Commission which conducted the negotiations on behalf of the EU-15 MS: 1. free movement of labour, 2. direct payments to farmers, 3. right to buy land in Poland by EU-15 citizens. To the disappointment of the Polish negotiating authority, the right to freely take up employment by the Polish migrant workers in the EU-15 countries was postponed until 2011. This decision reflected fears of massive labour immigration from Eastern Europe, exemplified by the myth of
the ‘Polish plumber’. Poland (along with other candidate countries) was only successful in introducing some flexibility into the transitional period.

Poland, with its huge and inefficient farming sector, constituted a serious challenge to the EU-15 Member States who were unwilling to massively support its agriculture through payments from the EU budget. On the other hand, as viewed from Polish perspective, securing equal conditions for Polish and EU-15 countries was a litmus test of its future standing in the enlarged EU. The problem was not resolved until the final round of negotiations in Copenhagen in December of 2002. According to the final compromise direct payments from Brussels to Polish farmers were to gradually reach the levels of these in the Western Europe, starting from 25 percent in 2004 and to grow every year by additional 5 percent to reach 100 percent in 2013. Additionally, the Polish government was given the right to top up the payments up to stated levels.

The possibility of foreigners buying out land in Poland was one of the most controversial topics in the pre-accession period. Bitter memories of the World War II on the part of elderly population translated themselves into anxieties that the country might, as a result of membership, be deprived of the Western territory (Western Pomerania) through economic expansion of Poland’s richer and more powerful neighbours. In view of public sentiments the Polish government secured a transitional period according to which nationals of other MS will be free (without special permit) agriculture and forest lands only after 12 years after the accession of Poland to the EU. The exception was made in relation to individual farmers from EU Member States who had previously leased the land in question for certain amount of time (from 3 to 7 years depending on region).

3. Main priorities of Poland in the negotiations over the Constitutional Treaty

In the period around the Polish accession to the EU there was a degree of ambiguity in the Polish European policy. The government had difficulty with shedding the supplicant’s logic stemming from former role as an EU candidate. It was torn between attitudes of deferent passivity and belligerent hyperactivity. This tension was particularly visible when the so called
Constitutional Treaty was being negotiated. Theoretically, following the Laeken Declaration of December 2001 candidate countries had a full say in the proceedings of the European Convention (they were however deprived of veto powers). When a minister of foreign affairs from one of the biggest Member State claimed in Warsaw in autumn of 2003 that he expects MS not to engage in the discussion over the new treaty, the reaction in Poland was disbelief and indignation. This clash pushed Poland towards more assertive position in the negotiations. Poland steadfastly defended the Nice system of weighting votes so that it be included in the new treaty. The clash was inevitable, given the context in which new voting system was put forward. On the one hand, the double majority voting system was proposed in the final state of European Convention’s works, without necessary political consultations. On the other, a number of Polish politicians used the issue as a litmus test of Poland’s influence in Europe and a useful tool in the internal political power struggle (Jan Rokita’s of the Civic Platform slogan ‘Nice or Death’ was an illustration of both). The debate over the treaty was often purely ideological. Poland was arguing for inclusion of Christianity in the preamble whereas a number of Member States, mainly EU-15 countries, fervently opposed it.

In the Intergovernmental Conference Poland was broadly supportive of the Constitutional Treaty draft. Poland strongly backed the idea of having a Union Foreign Minister (although another name was preferred – if the term foreign minister is applied there will come, it was argued, endless confusions with Member States’ foreign ministers. The government considered it appropriate that the new Foreign Minister should sit both as a Vice-President in the Commission and in the Council. The combination of the two functions in one person would allow, from the Polish point of view, the integration of the Union’s foreign policy with instruments of foreign policy such as financial protocols under the control of the Commission. Poland argued fervently for further development of the Union’s Common Foreign and Security Policy, with two important caveats. First, there should no weakening of strategic relationship of Poland with the United States. Second, NATO should remain essential security guarantee of Europe in the longer-term future. Poland kept repeating that Europe and America must stand together if any external threats are to be avoided.
Poland was also vocal on the subject of the so called variable geometry of European integration. The government claimed that concepts of enhanced cooperation and a ‘two-speed Europe’ should not be confused. The former may not at all lead to the latter. There are many fields where groups of Member States are keen to develop joint policies, but in which not all are interested. Enhanced cooperation may well be the only way of keeping such cooperation within the Union framework, it was argued. A two-speed Europe suggests one group of particular countries advancing towards full integration, while others remain at the current level. In the Polish view this would lead to the break-up of the Union in the longer term unless approached with great care.

4. Main priorities of Poland during the negotiations over the Lisbon Treaty

After the failure of the Constitutional Treaty ratification in France and the Netherlands Member States returned to the subject of treaty reform in 2007. The major points of compromise from October 2004 draft were to be incorporated into the Lisbon treaty. This included the double majority voting principle. Regardless of this premise on the part of majority of governments Poland argued that there should be no taboos and all elements of the previous deal can be put into discussion. That is why the government submitted a proposal for the new voting system. It was based upon the degressive proportionality principle. The voting powers of Member States would thus be reflecting the demographic heft of particular countries more accurately than in case of double majority system. The weak side of the Polish proposal was the relatively complicated mathematic base for the voting system (based on square root of population of Member States). The Polish proposal was eventually rejected and the double majority system was introduced. The government was offered some face-saving concessions such as Ioannina mechanism (right to suspend temporarily decisions taken through vote in the Council in cases of utmost importance to one or several Member States). Another political “gain’ of mostly symbolic nature was the inclusion of Poland in the Protocol on the application of the Charter of Fundamental Rights, along with the United Kingdom. The treaty was ratified by the Polish parliament in April 2008 and was signed by the president, Lech Kaczyński in October 2009,
following the positive outcome of the second Irish referendum. Mr. Kaczyński made his signature dependent on the “sovereign’ voice of the Irish society. This delay on the part of the president was met with disbelief and protests in some European capitals. For some commentators the president’s decisions were connected rather to the domestic political scene and the ambiguous attitude of Law and Justice Party to the European integration.

5. Polish position in other strategic EU-wide debates

5.1 New Financial Perspective 2007-2013

The negotiations started in the period preceding the accession, in February 2004 and lasted until late 2005. In 2005 Poland helped to create the coalition of Member States (so called Friends of the Cohesion Policy) who were arguing for keeping the significant role of the structural and cohesion funds in the years 2007-2013. In the final stage of talks the UK came up with a proposal of a significant reduction of cohesion funds so that new Member States would be affected more than EU-15 countries. During the intense, sometimes openly confrontational discussions Poland played the card of solidarity, claiming that the EU budget should have a bigger role in removing the economic and social disparities within the enlarged EU. The compromise that was finally agreed in December 2005 was hailed as a success of Poland and other new Member States – they managed to achieve the best possible result in the increasingly unfavourable political climate. Among the reasons behind this success there was the ability to build a big tent of supporters of the cohesion policy spanning the old and new Member States divide. Poland was allocated EUR 91 bln for the period 2007-2013 in exchange for EUR 21 bln to be paid in contributions and it came out as the biggest net beneficiary of EU financial transfers. The additional positive outcome of negotiations had to do with relaxation of cohesion and structural funds expenditure rules granted to Poland and other Member States.

5.2 Energy-climate package

In spring of 2007 the Commission came up with a proposal of energy-climate package which subsequently became the object of fiery debates. Poland negotiated assertively arguing –
among others - for transitional periods in emission auctioning. Although major objectives of the Polish strategy were achieved, the government did not manage to convince European partners that it was negotiating in the wider European interest. Polish arguments were focused on the potential threats of emission reduction to the competitiveness of Polish economy. The governmental strategy lacked a positive message as opposed to countries favouring far-reaching, ambitious targets. The situation was further complicated by the fact, that in 2008 the Polish city of Poznań was a host to the international conference COP14 that was supposed to prepare ground for the global consensus as regards the fight against climate change. At the conference Poland was hardly perceived as an impartial broker.

In February of 2008 the European Commission came up with the blueprint for internal burden sharing as regards the reduction in greenhouse gas emissions. This is when the second stage of the negotiations began. Poland was extremely satisfied with the draft package as it failed to address the specificity of Polish economy (which is extremely coal-dependent). As a consequence, Poland would be facing steep rises in electricity prices and drastic decline in competitiveness. In October 2008 the discussion reach its climax – during the negotiations Poland, in coalition with Hungary, the Czech Republic, Slovakia, Lithuania, Latvia, Estonia, Bulgaria and Romania, managed to secure a provision that final decisions on the package will be taken through unanimous vote. This was the major victory for the block of new Member States.

In December 2008 the structure of the package was substantially modified, thanks to the Polish contribution. One of the changes regarded free emission quotas for power generation in the years 2013-2020. Additional revision clause was also agreed so that further derogations might be put in force in 2018.

Energy security was an important theme of Polish positions in the wider field of energy-climate package. Poland, as a country whose economy is in 95% fuelled by coal claimed that any possible replacement of domestic coal production with less polluting gas imported from Russia meant greater reliance on third countries. In February of 2006 Poland came out with a proposal of the ‘solidarity pact in the field of energy security’ (so called Three Musketeers Pact). The initiative was based on the idea of a system of mutual America’s, Canada’s and Member States’
obligations in case of disturbances on the energy market. The signatories would pledge mutual assistance in the event of interrupted gas and oil supplies from third countries. This initiative, however failed, due to lack of support on the part of key Member States such as Germany and France. Poland was criticized for unsatisfactory degree of consultation with EU partners before voicing the proposal. Later, in November 2008 the issue was revisited by the Polish government through contribution to the Commission action plan for energy security and solidarity (the so called Strategic Energy Review). This time Polish efforts led to some tangible results – in January 2009 EUR 3.5 bln was allocated to transborder energy projects in the framework of the European Recovery Plan.

5.3 Single Market
As regards economic integration Poland argued for deepening of the Single Market, which was perceived by the government as the single biggest achievement of the European integration. In 2005 Poland was staunchly defending, with limited success, the rule of country of origin in the negotiations over the services directive. The liberal orientation was also visible in the Polish stance as regards the initiative of better regulation. As a country sending considerable numbers of migrants abroad, Poland was fighting hard to eliminate the administrative barriers for posted workers. Poland emphasized, wherever possible, benefits of four freedoms to the competitiveness of the European economy. For example in 2007, when Bulgaria and Romania were joining the EU, Poland decided not to introduce transition measures in the EU-2 nationals’ access to its labour market. This liberal stance stood often in contrast with positions of some Member States, raising fears of “social and tax dumping” – the myth of “Polish plumber’ was a symbol of those fears.

The proliberal attitude was reflected in the Polish non-paper on the so called “Post-Lisbon Strategy’, published in September 2009. Poland argued that the EU economic strategy in the years 2010-2020 should be focused, as agreed in 2005 in the midterm review of the Lisbon Strategy, on boosting economic growth and raising employment in the EU. It called for activities at EU level that will exploit the potential of 2004 and 2007 enlargements. The Polish position
stated that the new strategy should have three priorities. Firstly, Europe should invest more in intellectual capital. Secondly, further deepening of the Single Market is essential for raising the EU’s competitiveness. Thirdly, Poland called for more community involvement in infrastructure development, not only ICT but also transport and energy projects. The Polish government was mute about issues such as “eco-efficient economy”, “green jobs” or innovations not because such new grand narratives were considered unimportant, but there was a conviction on the part of the government that more traditional instruments of EU engagement find less and less proponents at EU level, as opposed to climate change policy or knowledge-based economy.

6. Main Polish initiatives at EU level in the years 2004-2009

Poland was a staunch supporter further enlargement of the EU, provided candidates would all the EU requirements. In relations with Russia Poland (and other new Member States) argued for active engagement, based on mutual respect and regard for institutional and legal commitments.

6.1 Co-operation with Ukraine and the Eastern Partnership

Back in 2004 Poland played a key role supporting the peaceful ‘Orange Revolution’ in Ukraine. At that time the Polish government was widely praised for mediation between rival faction in Ukraine as well as smooth co-operation with High Representative, Javier Solana. The Eastern Partnership was a continuation of those efforts. It was adopted by the European Council in June 2008. The partnership was undertaken in partnership with Sweden, country widely respected for its efficient diplomacy and it applied to Ukraine, Moldova, Georgia, Belarus, Armenia and Azerbaijan (it was open to Russia as well even if the offer was certain to be rebuffed). In December 2008 the Commission came up with a communication providing the outline for establishment of free trade areas, visa waiver programs and common projects in the field of energy security. One of the key elements behind the Partnership’s success was the diligent and patient preparatory work at diplomatic and expert level (consultations with other key Member States) that came before the formal proposal. It was also crucial that the initiative was
preceded by several years of active engagement of the government with countries of Eastern Europe.

In terms of institutional set-up of the European edifice Poland pushed hard for the Agency for the Management of Operational Co-operation at the External Borders (Frontex) agency to be located in Warsaw. The battle for the location of Frontex was successful following the decision of the Justice and Home Affairs Council in April 2005. Frontex was the first EU institution to be based in a new Member State. This was not the case as regards the location of the European Technology Institute and the candidacy of Wrocław.

6.2 The EU Strategy for the Baltic Sea region

The debate concerning the Strategy was launched by the European Parliament, than taken over by Member States in the run-up to the summit of the European Council in December 2007. Eventually it was put high on the agenda of the Swedish presidency. The main driving force throughout that process has been the political will of Poland and Sweden. From the onset of the debate on the EU Strategy for the Baltic Sea region Poland has been a very strong proponent of a distinct EU internal dimension of the initiative. Poland was in favour of a more systematic approach towards macro regional strategies. Not that Europe needs a new European master plan for creating macro regional strategies for all territories of the EU but certainly there is a need, Polish officials argued, for a guiding document that will set parameters for the future macro regional strategies. The internal dimension should remain a guiding principle of macro regional strategies as it is in the case of the EU Strategy for the Baltic Sea region. The government claimed that putting macro regional strategies in the context of the debate on the territorial cohesion is a good reason for deeper reflection on the role of the cohesion policy in general. Poland argued strongly for the bigger role of the European Commission, in coordinating all EU policies that have territorial impact.

The government claimed that the Strategy for the Baltic Sea Region can be successful only if all four freedoms of the single market, including the freedom to provide services and free movement of workers, are fully implemented. All initiatives launched in the Baltic Sea Region
should contribute to a more effective functioning of the internal market (e.g. through elimination of redundant legal and administrative requirements imposed on enterprises). An important role in this regard can be played by proper observance of the binding regulations and promotion of knowledge about provisions of the Community law.

Poland will be the first Baltic Sea Region state to hold presidency of the EU Council after 2009 i.e. following the moment submission of the Strategy to the European Council in June 2009 and its final adoption along with an Action Plan during Swedish presidency of the Council of the European Union in the second half of 2009. In the second half of 2011 Polish presidency might revise the EU Strategy for the Baltic Sea Region. The Baltic issues might remain on the Community agenda even for the entire year, since Denmark will take over presidency of Council of the European Union from Poland.

7. Operational aspects - co-operation with key partners and the national context

Poland learnt to exploit the potential of co-operations with main political actors at the Community level only gradually. After the accession, some weakness of the Polish European policy co-ordination system became apparent – for example insufficient and late involvement in the EU legislative process.

Poland tried to seek allies in pursuing its own goals. Some informal coalitions that Poland participated in (‘friends of the cohesion’) were already mentioned. In first half of 2007 Poland cooperated also in the framework of the “friends of the community method” group. As far as regional coalitions are concerned Poland invested a lot of effort into developing partnership within regional forums such as the Weimar Triangle (with Germany and France), the Visegrad Group (Czech Republic, Hungary, Slovakia) or the Baltic Sea Region countries (Denmark, Estonia, Finland, Germany, Latvia, Lithuania, Sweden). In case of the Visegrad Group the series of presidencies (the Czech Republic: first half of 2009, Hungary: first half of 2011 and Poland: second half of 2011) might serve as a good starting point for enhanced co-operation. Despite active participation in the all above-mentioned consultation platforms, it was increasingly difficult for Poland to align its interests with other partners.
Partnership with Polish deputies to the European Parliament constitutes a good example of fruitful co-operation between Polish nationals in the European institutions and the government. In the initial 5 years period the Polish MEPs were rather active in the non—legislative areas. This might be the consequence of one systemic failure, namely inadequate flow of information from the government on Poland’s position in particular matters. The government did not always know how to use the lobbying powers of Polish deputies. National-level policies were often on adequate in terms of follow-up of decisions or motions advocated by the government at European level. For example polish proposals to further liberalize the market of services lacked credibility as Poland did not transpose the service directive (as of November 2009).

Poland was also concerned as regards some institutional developments of the EU framework. The government voiced its disapproval of some political forums from which the new Member States (at least majority of them) were excluded. In 2008 head of governments and states of the Eurogroup met for the first time. In the context of the crisis another forum was developed – global G-20+ summits. Some argue that this is the beginning of the end of political cohesiveness of Europe. EU proposals in the G-20 framework are not prepared by the Commission, but a handful of Member States, taking part in global summits. As a consequence, as Jean Claude Juncker bitterly observed, the EU decision-making process has been marginalized – the few lucky EU countries in the G-20 do not feel bound by any EU mandate. These concerns were strengthened by the fact that a growing number of EU policies acquire an external dimension. It is not only trade that is decided at global level, but also financial regulations or fight against climate change. All these tendencies raised concerns in this, still peripheral, part of Europe – aren’t the difficult times of crisis an excuse for the mightiest and wealthiest countries in Europe to stay away from deeper, rule-based integration with less developed and not-so-stable cousins?
8. Conclusions – Did the Polish European policy mature in the period 2004-2007? What was the influence of the 2004 and 2007 enlargements on the political agenda and functioning of the EU?

The enlargement was the biggest single achievement of the Romano Prodi Commission of 1999-2004. As regards decision-making, it lessened the importance of the Franco-German duo in the European balance of powers. In the field of foreign policy it shifted the orientation of policy-making more towards the eastern part of the continent (hence the creation of the European Neighbourhood Policy). Given the fact that economic development was the biggest rationale for joining the EU for these countries, the enlargement contributed to the revival of the Single Market agenda. In this context the majority of new Member States presented themselves as liberally oriented, favourable towards tax competition at EU level (hence the nickname ‘Trojan horse of globalization’). Moreover, a number of traditional EU policies have been given a boost – notably the CAP and cohesion. The enlargement came out to be the testing ground for globalization. Old Member States were expecting that after enlargement there will come a time of smooth adaptation of EU-10 and EU-2 countries to the inner workings of the Community. In the period of time directly following the accession new Member States would be rather passive and active participation in the decision-making process will be limited by respect towards more experienced members of the Community. After the ‘accession shock’ there came a period of adaptation and more self-assured political stance. In some cases (energy-climate change) Poland took on the role of the leader of the EU-12 group.

Having successfully crossed the threshold of accession negotiations Poland’s government initially was concentrated on the cost and benefit logic. As the country acceded during the financial perspective for the years 2000-2006, one of the primary objectives in the initial period was to negotiate the next financial framework for the years 2007-2013. The climate-energy package was undoubtedly the second biggest item on the European agenda in this period.
It is beyond doubt that the ability of the Polish government to influence processes and decision-making at EU level grew steadily in the period 2004-2009. As a full-fledged member of the EU Poland tried, not always successfully, to enjoy all the rights and opportunities of participation in decision-making process as well as steering the general course of European integration. In comparison to earlier period the post-accession European policy of Poland was much more pragmatic and flexible. The European policy was rather reactive than proactive. Polarization of the political scene in the years 2005-2007 translated itself into assertive, often aggressive tone of the government’s actions at EU level. Later period of 2007-2009 was characterized by the consensus-seeking policy.

According to some studies Poland was the most effective and influential Member States among the EU-12 group. Poland came out six in the EU-27 group, following Germany, France, the UK, Spain and Italy. The biggest Polish achievements had to do with the positive engagement in Eastern Europe as well as relatively high qualification of the Polish diplomatic service in Brussels. At the same time Poland’s positive image was marred by abrasive and sometimes domineering attitudes. Five years of Poland’s membership in the EU looms as the initiation period for Poland. The learning process as regards the complex ‘rules of EU game’ has been gaining speed throughout the whole period. The next important test of Polish European policy will have to do with the presidency of the EU to be held in the second half of 2011.

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