

*Sharing the Experiences
of Visegrad Cooperation
in the Western Balkans
and the Eastern
Neighbourhood Countries
Project Final Study*

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Edited by Sándor Köles

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FOREWORD

The general goal of this two-year project running November 2008–April 2011 was to contribute to strengthening the basis of democracy, partnership and regional cooperation in the partner regions. The specific objective was to share the political and sectoral experiences of the Visegrad cooperation in the Western Balkans and the Eastern Partnership – among them GUAM – countries in order to support and advance cooperation in and among these regions by forging new links and projects that facilitate the resolution of common problems and the attainment of common objectives.

Core activities of the project were organized around four regional workshops in the partner regions (two each in the Eastern Neighbourhood and the Western Balkans) where representatives of relevant regional stakeholders from both target regions (such as GUAM Organization in case of the Eastern Neighbourhood and the Regional Cooperation Council in case of the Western Balkans and specialized regional institutions as applicable) participate, along with government and civil society experts and representatives of the EU and other relevant international organizations. Workshops were built around key topics, such as regional security and intergovernmental cooperation, economic cooperation, cooperation among civil societies and cross-border cooperation, with the applicable Visegrad experiences and lessons learned and European standards as cross-cutting themes. The outcome of the workshops was presented in thematic assessments that contain the summary of proceedings and lessons learned during the workshops, with special regard to the initiatives proposed to strengthen regional cooperation. The impact of the project was summarized at a final conference. Finally, a web page linked to the project has been developed and launched under <http://interregional.icdt.hu> to publish and disseminate all relevant information based on the actual implementation of the project.

We hereby wish to thank our partners and those who contributed their precious time and expertise to implement this project: Victor Chirila, Sergiy Gerasymchuk, Csaba Lőrinczi, Wojciech Paczynski, Jiri Schneider, Tomas Strazay, Marianna Török, Žarko Petrović, Gia Nikolaishvili, Ferenc Kalmár, and Katerina Ivanova.

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an Economic Area (EEA). In the period 2004-2009, €1.23 billion in support was awarded to 1,250 individual projects, program funds run by central and local governments, research and academic institutions, non-governmental organizations and businesses in the 12 new EU member states, as well as Greece, Portugal and Spain. Norway provides around 97 percent of the total funding. The contributions of our donor has helped achieve

- Solidarity - reduce social and economic disparities in Europe;
- Opportunity - support the new EU countries integrate into the European Economic Area;
- Cooperation - strengthen political and economic ties between Iceland, Liechtenstein and Norway and the 15 beneficiary states.



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INTRODUCTION

This publication is the result of a series of workshops organized by the International Center for Democratic Transition (ICDT) in the frame of its program “Sharing the Experiences of Visegrad Cooperation (Czech Republic, Hungary, Poland and Slovakia) to the Western Balkans and the Eastern Partnership countries with special focus on the GUAM countries (Georgia, Ukraine, Azerbaijan and Moldova), which addressed some of the main aspects and ingredients of regional cooperation and summarizes the lessons and relevant experiences that the Visegrad Group has accumulated in the last twenty years since its formation in 1991.

The main objective of the two-year program was to share the political and sectoral experiences of the Visegrad Group in order to support deepening regional cooperation in and among the Western Balkans and the Eastern Partnership countries emphasizing the role of inter-regional cooperation in promoting stability and European integration. The goals and applied methodology was to convene the main actors and stakeholders who play key role in inter-regional (or with other word transnational) cooperation such as governments, civil society organizations, think-tanks and businesses from these three European regions and create a forum discussing the main challenges, aspects and elements of inter-regional cooperation, sharing experiences and lesson learnt, and best practices as well innovations in this field.

The workshops were organized around four different but interconnected topics and for each workshop a food-for-thought were prepared by ICDT’s expert team and during each workshop participants discussed in two groups the regional dimension and relevance of the discussed topic and, by the end of each workshop the participants discussed recommendations related to the topic of the particular workshop. The first workshop was organized in Kiev, Ukraine on the role of regional cooperation in strengthening regional security and confidence building among neighboring countries. The main topic of the second workshop organized in Tbilisi, Georgia was the role of economy and trade in inter-regional cooperation focused on the experiences learned from Visegrad economic cooperation in the context of EU integration and especially membership and applicability of these experiences in light of current economic challenges and opportunities in the Western Balkans and the GUAM countries in selected policy areas, for instance international trade, investment flows and energy co-operation. The third workshop was held in Chisinau and focused on the role of cross-border cooperation as a multifunctional instrument overcoming natural and political/administrative

borders between the countries and also historical animosities and prejudices between peoples of border regions as well as to bridge the gaps between the “centre” and “periphery” promoting of economic growth and development, as well as the development of operational local/regional administrative structures. The fourth workshop was held in Sarajevo, Bosnia and Herzegovina and discussed the often neglected civil society dimension of inter-regional cooperation and, sometimes, the pioneer role of civil societies in confidence building and advance good neighborliness.

Four workshops were concluded in a final closing conference which was held in Budapest, where the participants from previous workshops discussed the overall and specific applicability of the Visegrad Cooperation in the Western Balkans and the Eastern Partnership countries and made recommendations for some follow up projects suggesting, for example the creation of inter-regional foundations in the Western Balkans and the Eastern Partnership countries inspired by the International Visegrad Fund and the continuation of the forum for inter-regional cooperation.

This was the rational framework and description of the program but we cannot avoid answering to three important questions, namely: what is a region and what are the main factors for regional cooperation, beside of significant differences what are commonalities amongst these three European regions and in which extent the Visegrad experiences are applicable in European neighborhood areas.

Regional cooperation is a crucial instrument in promoting regional stability, mitigate interstate and inter-ethnic conflicts and enhance cooperation between countries based on mutual benefit and partnership thus contribute to the process of European integration. In the last fifty years one can observed the rise across Europe of a new, intermediate, level of government and politics, usually referred as the “region”. Michael Keating notes “Yet while the phenomenon is well known and documented, there is a less agreement on just what a region is, and how important is their emergence. The problem is that the term “region” can mean many things and can be approached from many different angles. It is a geographical space, but this can be conceptualized at several different spatial scales, from the local to the supranational. (...) A region may have a historic resonance or provide a focus for the identity of its inhabitants. It may represent a landscape, an architecture or a style of cooking. There is often a cultural element, perhaps represented by a distinct language or dialect. Beyond this, a region may sustain a distinct civil society, a range of social institutions. It can be an economic unit, based on either

on a single type of production system. It may be, and increasingly is, a unit of government and administration”¹

So the answer to the question of what a region is not easy because a region has many faces –depending on the angle we look at it and these faces could be described as “objective” factors, which make up a region but some faces of a region are “subjective”, personal, sometimes emotional but the manifestations of these subjective, personal and emotional elements are too become the factors of a regionalization, since they are interconnected and are in interaction, and has its lifetime. With another word: a process.

What are the main factors of regions and regionalization?

First, a region can be described as a geographical area in which the natural components are the most important factors that makes up a region. This natural component could be a river, watershed area, sea, mountains, etc. It worth to analyze that how many tranfrontier/cross-border or even transnational cooperation connected to one of the above natural component. In some cases, the natural component has a concrete meaning and space for practical actions, sometime the natural space has a symbolic and often political meaning where geopolitical forces make their games. But whatsoever, the natural (geographical) components are the most important formative “morpheme” for a region. For example, mountains like the Carpathians or the Caucasus or a sea like the Barents, or a river like the Danube, or the Rhine or the Dniester, etc. are the first, basic level of a cohesive notion of a region.

Second, a region can be defined and described as a cultural entity (culture in this context is used in broad terms, i.e., the way how the people relates to and “communicate” with the nature and how they communicate and behave with one another.) In this context, the most important thing we have to highlight here is that the cultural entity, which can be described as “region” is the result of peoples’ adaption to the nature (aculturalization process), which is manifested in the way of living and basic productions, which developed historically for centuries. The differences are obvious if we are talking about people living in mountains or people living in valleys or sea regions. The difference like difference of catching

1 Regions and Regionalism in Europe. Edited by Michael Keating, 2004, Introduction by Michael Keating (xi)

fishes, building boats, etc., or cutting trees and build rafts to carry the goods for trading on the river to people who are living in valleys. Of course, the process of globalization has changed this basic and original form of peoples' interaction with nature but we should not forget that this relation formed the languages, traditions, religions, the form and materials of buildings, tools for agricultural and industrial activity, the food the people are eating, rules for community life, etc.

Thirdly, a region can be defined and described as common identity, how the peoples are attached to a specific geographically, culturally defined space ("region".) There are two aspects to group identity: how a group identify other group, how they are making difference between "we" and "they", the other way is how an individual or a group identify her/himself and themselves (who we are.) Because of the European history when the border has changed often (especially in Central, Eastern and Southeast Europe), different "identities" cross the border and there are common identities based on the same ethnicity and language has a "cross-border" character but sometimes different ethnic identities (and languages) in cross-border regions has common identity as in the past they belonged to a geographical area where the borders of the state and the geographical region were the same or, in another case, they have had historically an intensive "cross-border" trade.

This situation is more complex in Eastern Europe, partly because the frequent changes of borders but great part because of the lack of civil society and civic attitude. While in Western Europe identities are inclusive meaning that an individual could be proud of his local citizenship in his town, s/he could be also proud of her/his closest area (small region), proud of her/his nation and, at the same time, be European. Eastern Europe is very different. Here identities are exclusive, obligate, impatient and hostile with other identities. This resulted in confuses identities in which the ethnic/national identities are over politicized and deformed, and local/regional identities are underestimated, oppressed and suppressed. It takes time and a peaceful development is needed Central East Europe and the Balkans to recognize the multi-layered and inclusive identities and that the multi-ethnicity is a huge potential asset to a nation and not a weakness. The cross-border cooperation, especially its micro level: the transfrontier one is an important instrument to develop.

Fourthly, market and economic forces are playing an increasingly role to formulate or certain case initiate a region. The spatial impact of economic forces made long impact on regional development and play a crucial and sometimes leading role in regionalization. For example, itself the European Union, amongst other, a large economic area (a region) mostly thanks to the economic and market forces.

Finally, the gravitation of (geo) political forces rooted in historical connections and experiences arranged and re-arranged relationships between nations and regions represent another factor of regionalization and manifested in different regional and inter-regional grouping.

There are huge differences amongst the three European regions subject of this publication. They are different stage of democratic transition and building democratic institutions and different phase of European integration but they do share more similarities than differences. They are common in common challenges such as modernization, transformation their societies, democratization and integration. The Visegrad Group made a huge progress in transforming its political system and society and they are the members of the European Union but they collective and living memory on this complex challenge and lesson learnt (including failures) they can offer to the Western Balkans and Eastern Europe. The other connecting element amongst these three European regions is the common historical experiences as they were (and are) under the ruins of collapsed ideologies, political and state system and most of them –as István Bibó wrote- are struggling with the “misery of small nations” always between big powers in their histories.

Concluding, the fulfillment of the most important priorities and potential future development of the Visegrad Cooperation makes Visegrad to serve as an example and inspiration of regional cooperation. The Western Balkan and Eastern Partnership countries can also learn lessons from the Visegrad mistakes - especially from the period when the V4 reflected intensively internal political developments in particular countries or problems in bilateral relations. After considering the differences between the V4 and Western Balkans/Eastern Neighborhood regions it is, however, not possible to speak about the total export of the Visegrad model of regional cooperation. On the other hand, it is feasible to choose some fields of the Visegrad cooperation that are applicable in the Balkans/Eastern Neighborhood and intensify collaboration with the two regions. Put it in short - the bigger the engagement of the V4 will be, the more intensive will be the partnership between the Visegrad Group, the Western Balkans and the Eastern Neighborhood.

INTERGOVERNMENTAL FRAMEWORK FOR REGIONAL COOPERATION

The Visegrad Group (V4)

“Proto-Visegrád”. The Visegrad Group as regional co-operation with its own character.

Even though there are clearly some limitations to the community frameworks of certain geographic, historic, and/or political regions in terms of promoting shared interests and positions, it can be still argued that these regional co-ordinations and co-operations are here to stay in the enlarged European Union. Macro-regional strategies – such as the EU Strategy for the Baltic Sea Region¹ initiated by the Baltic EU members and the other, more recently adopted EU Strategy for the Danube Region² requested by several Member States, including 3 of the Visegrad countries – reflect the contours of larger regions that are perceived to be bound together by a geographical feature – a sea or river – as the common thread holding the participants in a framework of coordinated programmes. These complex strategies represent value-added projects for the entire Union which cannot be realised without participants as local stakeholders engaged in regular co-ordination and extensive co-operation at the regional level. More regular and intimate regional co-operations within the Union have evolved among smaller numbers of the Member States for historic, cultural, and economic reasons that are older or deeper than the EU itself, but the sustaining rationale for these formations was reinforced by the requirements of effective representation of national and regional interests in the context of EU decision- and policy-making. The same phenomena can also be observed in the case of the Visegrad co-operation.

The V4 functions differently from some other comparable regional co-operations of Member States which operate entirely (Benelux Union) or largely (Nordic Council) within the European Union. The classification of the Visegrad Group (VG) as a cluster of states brought together by their similarity in terms of size

1 *General Affairs and External Relations Council (GAERC) Conclusions on the European Union Strategy for the Baltic Sea Region, Doc. 15018/09, 27 October 2009*

2 *European Union Strategy for Danube Region, Communication from the European Commission, COM(2010) 715 final, 8 December 2010*

or allocated quota of votes within the EU does not correspond to reality, either. The V4 formation is better described as a regional platform of 3 middle-sized or smaller states (the Czech Republic, Hungary, and Slovakia) and one large country (Poland) for the possible convergence of national positions and for the external presentation of the combined weight of their common position. The most visible and determinant character of the Visegrad Group is a conspicuous absence of organisational definition. Therefore, the V4 formation operates outside the confines of permanent bureaucracy and structures. However, this does not imply a lack of programmes, regularity, or direction. The agenda of discussion and co-ordination among the Visegrad countries is set and managed on a rotational basis by the state that organises, convenes, and chairs the meetings at all levels from experts to presidents for an entire year.

The Visegrad Group represents an instructive example of a flexible formation of partners as a surprisingly viable Central European platform for intergovernmental collaboration within its own region, and also in the much larger context of European multilevel and multilateral governance. In its almost 20 years of evolution, the V4 framework has incorporated a distinct blend of characteristics. These include regular co-ordination without formal organisation, institutionalisation without standing structures (except the International Visegrad Fund), a regional interest group with a broad range of issues for co-operation, a limited circle of participants with recurrent occasions for consultation in extended formats, motivated by enlightened self-interests in the combination of individual weights behind shared positions. It is a quadrilateral concert animated by the common denominator of national policies without the obligation to block solidarity on every contested matter with respect to others.

Many of these features and functions of the Visegrad co-operation gained renewed significance and particular utility after the 2004 accession of its participants into the EU. Within an interdependent economic and political community of heterogeneous membership and a widely divergent set of interests, the closer co-ordination of the four Central European countries sustained the chances for better representation and articulation of their shared needs and aspirations within the Union, in order to overcome inherited conditions by means of European integration.

In the wake of their accession in 2004, the content and purposes of the V4 co-operation were transformed as the participating countries entered the new realm of procedural and legal conditions of multilevel governance and policy-making within the European Union. Thus, the momentous event of 2004 called for a redefinition of national foreign policies in each of the V4 partners, which implied a recasting of the purpose and relations within the Group itself.

The origins of the Visegrad Group as a regional framework for co-operation

The Visegrad co-operation formally began when the Presidents, Foreign Ministers, and Parliamentarians of Czechoslovakia, Poland, and Hungary gathered in Budapest on February 15, 1991 to sign the original Visegrad Declaration. The emergence of the Visegrad co-operation (the V3, at that time) was initiated by the first post-communist leaderships of Czechoslovakia, Hungary, and Poland, but was necessitated and propelled by the realities and uncertainties of the external economic and political dimensions of the impending transformation. The essential mission of the VG was focused on co-operation around two key foreign policy goals – the dissolution of Soviet-era security and integration structures and accession to the EU and NATO. The V3 effectively pursued common policies around a range of issues connected to these two goals and, by the end of 1992, the VG as a regional forum for collaboration was well established both within and outside the region.

The History of Visegrad Group from 1990 to 2004

Early years: 1990-1992

In its first years the Visegrad Group's co-operation was almost exclusively focused on foreign policy issues and took the form of intergovernmental collaboration. It is commonly acknowledged that the group's collective approach to the EU played an important part in the EU's decision to sign Europe Agreements with the V3 in December of 1991, thereby granting them a 'privileged' status with the EU. The Visegrad co-operation also yielded important complementary security results as far as the relations of the V3 themselves were concerned. The way that the V3 managed their own underlying tensions caused by minority and other issues carried particular resonance.³

The relations within the Visegrad framework cemented external perception of the V3 as a Central European regional group. The V3 platform for co-operation also played a crucial role in the activation of their economic potential through the creation of multi-lateral trade liberalisation. Though Western pressure to

³ Martin Dangerfield: *The Visegrád Group in the Expanded European Union: From Preaccession to Postaccession Cooperation, East European Politics and Societies 2008, Vol. 22, No. 3*

push ahead with sub-regional integration was a key catalyst, without the Visegrad Group framework it is unlikely that the Krakow Treaty which created CEFTA would have been signed in December 1992.

Adolescence with setbacks: 1993-1998

After the separation of the former Czechoslovakia into two successor states on the 1st of January, 1993, the Visegrad co-operation of three countries was transformed into a Visegrad quartet. This did not cause any increase in the intensity or density of relations. Quite the opposite: the years from 1993 to 1998 were a dormant time in comparison to the initial two years of the Visegrad cooperation from 1990-1992. CEFTA, as the regional framework for increased trade relations, emerged as a successful dimension of sub-regional co-operation in the economic field and functioned as a useful area of pragmatic contacts within the Visegrad Group. From 1994 onwards the CEFTA machinery included annual summits of prime ministers, which acted as an important forum for top-level political dialogue between the leaders of all of the VG countries and also enabled steady progress in the CEFTA project, which helped sustain confidence in sub-regional co-operation. Until the expansion of 1996, the meetings of the CEFTA heads of governments served as Visegrád summits as well. CEFTA also provided a framework for various ministerial meetings covering areas into which CEFTA business was expanding (for example, agriculture). Also importantly, CEFTA introduced the practice of holding meetings at the prime ministerial level, in contrast with the first phase of the V4 co-operation, when it functioned as a forum for the Visegrad presidents. When the V4 reconvened in 1999, a regular meeting of prime ministers became embedded in the Visegrad process.⁴

By 1995 and 1996, external imperatives to co-operate were beginning to offset the inclinations for individual approaches to Euro-Atlantic integration. Pressures connected to NATO accession, in particular, stimulated the revival of the Visegrad co-operation. With the advent of the opening of EU membership negotiations, the shared aspirations and situations of the Visegrad countries as EU candidates began to raise issues of common interest where co-ordination through the VG framework could prove potentially helpful in the accession process.

Pre-accession years: 1998-2004

The revival of the V4's regional platform resulted from its meeting in Bratislava in May 1999 and resulted in a significant expansion of the scale and scope of co-

⁴ Martin Dangerfield: *Subregional Cooperation in Central and Eastern Europe: Support or Substitute for the "Return to Europe"?* In Cameron Ross (Ed.): *Perspectives on the Enlargement of the European Union*, Brill, 2002, pp. 106

operation. The redefined role of the Visegrad Group was based on the idea of extending co-operation into various avenues and modalities in the internal dimension of V4 (intra-group) relations.⁵ The extension and deepening of co-operation included: foreign affairs (maintaining V4 image/profile; meetings/consultations/transfer of experience in various fields but especially in the EU/NATO accession processes), internal affairs (border and immigration affairs; organised crime, drug/people/weapon trafficking, etc.), education and culture, environment, infrastructure, and cross-border co-operation. Subsequent protocols signed by the V4 governments have added new areas of cooperation, including, for example, joint actions on tourism development and promotion.⁶

Another important improvement in V4 co-operation emerged as relations became more institutionalised, and as the forms and levels of intergovernmental channels consolidated. This was necessary to serve and facilitate the expanded range of activities and ensure involvement of the relevant bodies. It also proved requisite for a more permanent mode of Visegrad co-operation, regardless of political changes in the composition of the V4 governments.

One significant element of institutionalisation was introduced through the establishment of the International Visegrád Fund (IVF) by the V4 leaders in June of 2000. The main idea behind the IVF was to complement the external dimension of Visegrad co-operation with concrete activities in the internal sphere. The main activity of the IVF was determined to be the provision of financial resources for projects in the field of education, arts/culture, and science and technology. The significance of the IVF is highlighted by the fact that it remained the only permanent V4 institution with its own premises, staff, and own resources. The IVF commits the Visegrad countries to make financial contributions to the support of intra-regional activities as well as, more recently, but increasingly, the transfer of the Visegrad experience to other countries outside the V4 framework. The IVF has proved to be an important tool for strengthening the Visegrad co-operation in its civic dimensions.

⁵ *Contents of Visegrad Cooperation approved by the Prime Ministers' Summit Bratislava, 14 May 1999*

⁶ *Annex to the Contents of Visegrad Cooperation, 2002*

The Visegrad Group today

The V4 experience in the course of EU accession

The accession process left an unpleasant mark on political relations among the four Central European EU candidates. It noticeably eroded the sense of shared interests and solidarity in the face of the choice between individual bargains and concerted positions with regard to the demands and conditions of entry set by the Union. By virtue of the very nature of the bilateral negotiation process between any candidate, on one side, and the EU, represented by the European Commission, on the other side, regardless of the number of other parties involved in simultaneous accession procedures at the same time, the complex and prolonged game of bargains from chapter to chapter could reasonably be expected to lead to individually tailored solutions in the end. After all, accession agreements are signed one by one and not as a comprehensive multilateral arrangement enveloping every candidate in the large, final package. In the course of preparations for accession, the positions of candidates were evaluated individually in country reports by the Commission on the basis of the progress they had made in the adaptation and harmonisation of their national legal and institutional systems.

In essence, the bilateral nature of the negotiations determined the approach of candidates. Although it might have appeared self-evident to consult and coordinate more closely, and despite the fact that the mode of co-operation had been identified, it remained largely an unfulfilled expectation or promise.⁷ During the accession period, the representatives of the governments of the Visegrad countries held many meetings at various levels and often achieved efficient coordination to adopt joint positions and prepare joint statements with regard to some key aspects of EU bargaining positions in the negotiations. At the decisive moments of the EU summits in 2002 and in 2003, the Visegrad partners failed to withstand the pressure and acted not in unity, but rather pursued their visions of best individual deals with the Union. Even if all of the Visegrad countries had to earn their individual admission as the result of the same sort of laborious entry procedure during the same period, in the end the participants from the V4 failed altogether to capitalise on their positions as participants in parallel bargaining with the same institutional party on the same set of issues in pursuit of the same ultimate goal.

In practice, the attitudes of the V4 countries turned out to be much more competitive than co-operative during the completion of preparations and evaluations

⁷ *Visegrad countries agree to speak with one voice, Euractiv.com, 1 July 2002*

leading to EU accession. Even if their situation could not have been conceived as a game with zero-sum outcome, the unwarranted presumptions of possible separate accessions based on the demonstrated merits of each candidate drove the Visegrad countries away from each other. At the end of the day, all of the great expectations of earlier entry in smaller groups failed and the Union embraced 10 new members at the same time without differentiation or recognition of any individual advancement ahead of others. None of the V4 countries received rewards for any real or perceived individual achievement and progress in the form of faster or easier accession, and they entered the EU on May 1, 2004 as part of a larger assortment of states.

Besides the divisions that emerged during the accession period, the cluster of Visegrad states delivered another illustrative example of their collective failure to identify and express shared interests at the Convention of 2003, which was charged with the elaboration of comprehensive treaty reform. The “European constitutional convent” elaborated and presented the draft Constitutional Treaty to the heads of state and government of EU members in June 2003. Attitudes and expectations of the government representatives of the V4 countries reflected their differences in concepts and calculations. These variations presented serious obstacles to the articulation of “a single opinion” from the Visegrad Group to represent common positions on shared concerns as part of the constitutional redefinition of the Union.⁸ During the Convention, the Visegrad countries as a group remained discreetly invisible. By the eve of their simultaneous arrival in the European Union, the V4 group did not appear to be a stable and durable platform for co-operation among supposedly natural partners in the European political arena.

The V4 partners recognised not only the difference in their relative weights inside the Union, but also the opportunity for wider choices of occasional allies and temporary coalitions. The smaller Visegrad states seemed inclined to consider other EU members of similar size in the Central European region to be natural allies for increased co-operation on particular issues defined as matters of common interests, namely Austria and Slovenia. For this purpose, the first attempts at co-operation outside the “Visegrad box” on the basis of perceived similarity in size and, thereby, in approaches to the principal issues relating to the future of the EU were made during the constitutional redefinition of the Union. At the Constitutional Convention, the smaller (Slovakia) or, by EU standards, “middle-size” Visegrad states (the Czech Republic and Hungary) joined the informal group of the so-called “like-minded countries” including Austria, Portugal, Greece, Bel-

⁸ David Kral: *The profile of the Visegrad countries in the future of Europe debate*, EUROPEUM Institute for European Policy, Working paper of September 2003

gium, and the Netherlands.⁹ However, the targeted collaboration of some of the Visegrad countries (Hungary for instance) with regional partners (such as Austria) at the Convention and even after (for example in their joint support for the start of entry talks with Croatia) did not result in the expansion of the Visegrad Group to include other Central European members (Austria and Slovenia) of the EU.¹⁰

Despite the experience of the convention and the closing phases of the process leading to the EU's collective approval for the admission of new members, it became apparent that "the lessons of the final stages of EU accession negotiations and differences over the contents of the European Constitution played an important role in shaping decisions and expectations as to how the VG would operate in future."¹¹ Importantly, these lessons did not lead to the conclusion that the rationale for V4 co-operation had a limited life-span and had expired 13 years after the dissolution of the COMECON and the Warsaw Pact (in 1991) with the end of the transitory phase before entry into the EU (2004).

Within the new EU frame of reference, the Visegrad countries were likely to retain specific shared interests and preferences that would determine the scope and orientation of their co-ordination on particular policy aims. In spite of the often feeble cohesion and solidarity within the V4 Group during accession years, some forms of Visegrad co-operation remained inside the institutional fabric of the EU as a sensible and logical, though not self-propelling option. Joint decisions and deliberate efforts had to be made to bolster the weakened bonds of real collaboration with identified purposes that went beyond the usual rhetorical service paid to traditions and the supposedly natural community of values. In light of their experience of limited – both in terms of regularity and efficiency – co-ordination before admission, which inevitably questioned the existence of any inherent momentum for co-operation after the attainment of their common strategic aims, the V4 countries agreed to consciously redefine their relationship after their admission to the EU. Bruised, but not broken, their confidence in the continued beneficial operation of the Visegrad Group was reflected in the adoption of a pragmatic agenda that, in 2004, announced their declaration on the future path for V4 co-operation.¹²

9 *ibid.* pp. 2

10 *From Visegrad to Mitteleuropa, The Economist*, 14 April 2005

11 *Martin Dangerfield: The Visegrad Group in the Expanded European Union: From Pre-accession to Post-accession Cooperation, EUSA Ninth Biennial International Conference March 31 – April 2, 2005, Austin, USA*, pp. 21

12 *Declaration of Prime Ministers of the Czech Republic, the Republic of Hungary, the Republic of Poland and the Slovak Republic on co-operation of the Visegrad Group countries after their accession to the European Union, 12 May*

Visegrad today: impacts of accession

The motives and dimensions for continued co-operation within the EU: the formal restatement of V4 purposes after accession

At their summit in Kromeriz right after the entry of all of the Visegrad countries into the EU, the participants discussed their future relations and collaboration in the context of their newly assumed role as full-fledged members of both NATO and the EU. The prime ministers of the V4 Group adopted a new Visegrad Declaration on May 12, 2004 to confirm their intentions to maintain the V4 regional framework for consultation and the co-ordination of common interests. The 2004 declaration on the revitalisation of Visegrad was conceived to define the contours and overall aims of the group as a platform for limited regional multilateralism. With reference to “the key objectives set in the 1991 Visegrad Declaration” the new statement of purpose and objectives of 2004 acknowledged their previous achievement “with full satisfaction” and announced the intent of the Visegrad Group countries to “continue developing their cooperation as Member States of the European Union and NATO”.¹³ At the same time the new declaration did not set priorities for strategic perspectives comparable to the original aims of co-operation en route to membership in the principal Euro-Atlantic structures of integration. The successful accession was recognised to have opened up new opportunities and, at the same time, posed new challenges for “their further co-operation on issues of common interest”. The agreed common vision of future regular contacts and co-ordination stressed that “the co-operation of the Visegrad Group countries will continue to focus on regional activities and initiatives aimed at strengthening the identity of the Central European region; in this context, their co-operation will be based on concrete projects and will maintain its flexible and open character”.¹⁴

In the restatement of the driving rationale behind their co-operation, the Visegrad countries identified their next mission as injecting the V4 framework with a renewed sense of purpose and direction. The V4 Declaration of May 2004 was the political expression of intentions confirming their interests in the continuity and adaptation of their co-operation within the EU, rather than the introduction of any noticeable, formal departure from the practices already in place. The heads of the V4 governments adopted an interpretative supplement to their general announcement of further collaboration. They recognised that though the context and the purpose of their co-operation had profoundly changed with

2004, <http://www.visegradgroup.eu/main.php?folderID=940&articleID=3939&ctag=articlelist&iid=1>

13 *ibid.*

14 *ibid.*

the entry of the Visegrad countries into the EU, the informal framework of their consultation and co-ordination was meant to remain the same. In the statement attached to their declaration, the participants laid out a reference framework that identified the dimensions and the mechanisms for further co-operation.¹⁵

The first dimension was identified as “Co-operation within the V4 area”, including diverse issues such as cross-border development of infrastructure and environmental programmes, disaster management and civil protection, the fight against terrorism, organised crime and illegal migration, Schengen co-operation, exchange of experiences on foreign development assistance, co-operation of defence and arms industries, as well as strengthening the areas of cultural, educational, and civic relations through programmes and activities financed by the International Visegrad Fund.

The second dimension covers “Co-operation within the EU” with regard to community and common policy where the V4 countries expected¹⁶ to find common ground in the most probable spheres of converging interests. The “internal EU aspect” of the Visegrad partnership specified some desirable areas for co-ordination and a concerted approach to policy areas of the Union. These comprised active participation in the development of the European Security and Defence Policy (ESDP) and contribution to the development of EU foreign relations including its neighbourhood policy and strategy towards the Western Balkans. Furthermore, V4 co-operation in the field of Justice and Home Affairs foresaw consultations and exchange of experience with a view to Schengen co-operation, including the protection and management of external EU borders, as well as visa policy. As to the economic aspects of concerted Visegrad aspirations inside the system of EU policies, the Guidelines only mentioned new possibilities and forms of economic co-operation within the European Economic Area and consultations on national preparations for joining the Economic and Monetary Union (EMU). No specific references were made to the likely fields of closer co-ordination such as the common agricultural or regional policies of the Union, although these instruments of redistribution of resources within the EU represented areas of primary interests for all of the Visegrad states.

The third aspect outlined the possibility of the inclusion and flexible combination of various partners into consultations and co-ordination between the Visegrad Group and their partners, either as individual countries or groups defined by their political status, or as a structured formation of states, such as a regional

15 *Guidelines on the Future Areas of Visegrad Co-operation, 2004*

<http://www.visegradgroup.eu/main.php?folderID=940&articleID=3939&ctag=articlelist&iid=1>

16 *Dangerfield, 2005, pp. 21-22*

arrangement. In pursuit of better implementation of the common goals, the V4 stated their intention to seek co-operation with other Central European countries (most likely Austria and Slovenia), the EU and NATO candidates and aspiring countries, other regional structures (primarily those with valuable experience of regional co-operation within the EU such as the Benelux Union or the Nordic Council) and other interested countries and organisations (conceivably even from outside the EU).

Another dimension of the concerted pursuit of mutually supporting national or overlapping interests reflects the intentions of the Visegrad countries to enhance their co-operation within NATO and other intergovernmental security structures. The V4's co-ordination of their contributions to multilateral policies and measures outside the Union was expected to include consultations and concerted defence capability developments in NATO, promotion of a common understanding of security on the basis of the V4 experience among the countries aspiring to Euro-Atlantic institutions, as well as consultation and co-operation within the OSCE on issues of common concern for the V4 countries, with the possibility of joint initiatives.

The Visegrad partners did not mean to limit co-operation to security matters within multilateral frameworks. Their envisaged consultation, co-operation, and exchange of information with international organisations could extend to the UN, the Council of Europe, the OECD, and to various other structures in the form of possible joint initiatives' mutual support of candidacies in international organisations and bodies.

The agreed mechanism for continued co-operation: regular and occasional consultations and co-ordination.

Another section of the restatement determined the channels and levels of sustained co-ordination. Under the subsection on the "Mechanisms of co-operation" the V4's heads of governments envisaged three institutional components of collaboration and contacts along the lines of the constitutional distribution of responsibilities and competencies for foreign relations between the presidential, the executive and the legislative branches of political institutions within the participating states. The regular meetings of V4 presidents represent the highest formal level of quadrilateral exchanges of opinions or initiatives. With regard to the varied political roles and constitutional powers held by presidents in the Visegrad countries, their regular meetings carried more symbolic than practical value. Since the definition and implementation of national policies in the V4 Group constitute part of government responsibilities, presidential summits mainly adopt declaratory acts and release reassuring statements on common interests, but do not take decisions on practical or political issues of any real importance.

Co-operation between the V4 parliaments offers occasions for discussion and co-ordination of legislative programmes and the representatives of V4 national parliaments foster regular contacts dominated by current European issues. Inter-parliamentary co-operation within the Visegrad Group is upheld at the level of the Speakers of the V4's National Assemblies and the Chairmen of Committees on European affairs, resulting in the regular adoption of joint statements to register the points of their concordance from a political and legislative perspective on a wide range of issues representing mutual interests.¹⁷

In line with their constitutional character, the institutional and political centre of gravity of V4 co-operation is firmly anchored in the government policies of the participants. A decisive aspect of Visegrad relations is shaped through the modalities of intergovernmental co-operation. Although not proclaimed expressly, these modalities cover a range of options in accordance with the horizontal and vertical division of labour within the political and administrative structures of governments. The spectrum of available choices of levels and opportunities for direct intergovernmental encounters include specifically organised Visegrad events and also occasions set in the broader, international context. Regular V4 meetings the participants can count on include an annual official Prime Ministers summit at the end of each presidency to evaluate the achievements and set the aims for the next period. Each country in its one-year term in the rotating presidency prepares its own programme ensuring the continuity of long-term V4 co-operation. In addition to regular Visegrad summits of heads of government, occasional informal meetings of Prime Ministers and Foreign Ministers can take place before or on the margin of official programmes of various multilateral institutions with the participation of V4 countries.

Lower level intergovernmental contacts among the Visegrad partners include intensified communication of V4 national co-ordinators playing a key role in practical, quadrilateral co-ordination. The national officials of Visegrad countries maintain another important level and modality of co-operation through the consultation and co-ordination process among permanent V4 representations to the EU and NATO in Brussels, as well as in all other relevant fora (the Organisation

¹⁷ *Out of several examples, only as an illustration: Joint Declaration of the Presidents of the National Parliaments of the Visegrad Group Countries, Warsaw, 3 June 2009, www.visegradgroup.eu*

for Security and Co-operation in Europe, the United Nations¹⁸, the Council of Europe, OECD¹⁹, WTO, etc.).

Co-operation in the framework of the Visegrad Group was never meant to remain limited to political issues. As was foreseen in the Declaration and Guidelines of 2004, sectoral issues or matters of primarily non-political nature may also require co-ordination and an exchange of positions. Co-ordination in various policy fields is assigned to the meetings of ministers of particular areas of governmental responsibilities in the V4 or even in a V4+ format, with the inclusion of further partners in the discussion and co-ordination on various policy areas and questions. The broad range of focal issues within the competence of specific government departments or other state authorities is often the subject of the meetings held at the level of ministers or senior officials and experts from the V4 countries. As the annual, presidential activity reports of the Visegrad countries illustrate²⁰, following their EU accession, sectoral co-operations within the V4 group have involved the discussion of a broad range of matters at the meetings, from justice and domestic affairs to civil defence, disaster recovery, patents and intellectual property, the environment, and energy cooperation,

Forms and motivations for continued Visegrad Co-operation

The practice and general features of a V4 concert within the EU

The key question concerning the feasibility and utility of co-operation after accession was determined by the nature of the enlarged EU and the relevant patterns of co-operation expressed in the changing geometry of coalitions of Member States built around identified shared interests in each policy area. Even if the parties agreed in principle to the desirability of continued co-operation in the specific context of the Union, it remained uncertain if any permanent and distinct formation of the four Central European states within the EU could be viable as the

18 During their terms as non-permanent members of the United Nations Security Council, V4 countries can regularly brief and discuss matters with the rest of the Group as was underlined in the report of the Slovakian Presidency which coincided with the country's turn as the Eastern European participant in the work of the principal UN body on international security. The Activities of Slovakia's Visegrad Presidency, 2006-2007, www.visegradgroup.eu

19 Collective membership of V4 countries in the OECD Financial Action Task Force on Money Laundering (FATF)

20 Annual Reports of V4 Presidencies: www.visegradgroup.eu/main.php?folderID=943

conduit for specific, coinciding regional interests. Alternatively, the new environment could serve to reinforce the centrifugal forces of diverse interests, where the Visegrad Group would have survived only as a vehicle for internal cross-border co-operation within the cluster and lost its relevance in the external aspects of co-ordination.

One of the most important changes for the V4 countries was the move from being passive recipients of EU policy to active participants in the formation of common policy: instead of simply taking the results of decisions made by others, they were now included in policy decision-making.. To varying degrees opportunities opened for the Visegrad countries to make their own contributions to EU policies, individually or as a group, with their formal inclusion in the decision-making machinery of the Union. Since the dominant form of decision-making in the EU (with the exceptions of common foreign and security policy, and other issues expressly identified in the treaties) is governed by the rule of qualified majority voting (QMV), the modalities of policy-making in the EU are determined by consensus formation and coalition-building to reach the threshold of a required number of concurrent votes or ensure a coalition of blocking minorities. Depending on the issue at stake, the final shape of any compromise or co-operation is equally likely to rely on temporary, interest-based coalitions as it is to stem from the permanent formats of regional groups, like Benelux or the Visegrad groups of EU member states. In any case, the composition of coalitions and concerts often reflects a temporary or long-term convergence of interests, priorities, and choices within the given configuration of EU Member States with regard to the subject matter upon which a decision is to be made.

Besides the thematic and sectoral meetings at various levels held in the country which has current presidency of the Visegrad Group, the operation of the Council offers additional terrain of particular importance where regular V4 consultation and co-ordination on current issues from the EU agenda can take place, depending on the importance or the urgency the policy debate requires. The weekly meetings of the Committee of Permanent Representatives (COREPER), the Political and Security Committee (PSC), and the numerous thematic working groups deliver the opportunities when concerted V4 positions and proposals may be represented. Since this continuous operation of decision-making processes calls for constant attention and opinion from the Member States, efficient participation and advancement of shared interests demand synchronised approaches among the V4 countries in tune with the cycle of EU policy formation, either at the preparatory or the concluding stages. Consequently, after their EU accession, the talking points of most V4 consultative gatherings at each – ministerial, ambassadorial, or expert – level have been dominated by issues that appear on the

agenda of Council sessions and of the meetings of heads of state and government in the European Council. This tendency is equally valid for sectoral and foreign policy co-operation as well.

With regard to particular issues or policy debates within the Union which are of particular interest or relevance for the Visegrad Group as a whole, the result of quadrilateral co-ordination may emerge in the form of joint position papers. In accordance with the diplomatic mode of operation within the European Union, by these instruments of official discourse the V4 countries address matters of shared preferences through the presentation of their common stance on policy issues or specific questions. These written contributions with the combined weight of argument from all four countries aim to influence the definition of policy response or the elaboration of institutional solutions. As an illustration of this kind of concerted stance on a particular aspect of some larger field of policy-making on the Union level, the V4 partners were invited to table their joint position paper by the European Commission to contribute to strengthening the eastern dimension of the European Neighbourhood Policy in 2007.²¹ In another example of the delivery of shared V4 expectations and preferences in a written notice, the Visegrad Group presented its unified position on the issue of European External Action Service (EEAS) to other Member States and the High Representative of the Union for Foreign Affairs and Security Policy in response to an invitation addressed to all Member States by the European Council to encourage national deliberations on the new foreign policy instrument of the Union.²² On other occasions, the Visegrad partners directly addressed the European Commission through joint letters to the responsible members of the EU executive body in order to stimulate policy debate or encourage the continuation of certain favourable solutions – such as EU financial support for energy infrastructure projects – in fields of shared importance for all the V4 countries.²³

As the highest political level and, quite likely, the most consequential context for the orchestration of Visegrad positions within the Union, the heads of the V4 governments have developed a habit of gatherings prior to the meetings of the European Council. The pattern of preliminary “Visegrad summits” in preparation for the plenary discussions in the European Council has become a discernible

21 *The Visegrad Group contribution to the discussion on the strengthening of the European Neighbourhood Policy (March 2007), The Visegrad Group Position Paper on the Governance Facility and the Neighbourhood Investment Fund (April 2007)*

22 *Presidency Conclusions, European Council, 10-11 December 2009, Para. 3*

23 *Matej Hruska: Visegrad countries step up co-operation on EU funding, EUobserver.com, 17 September 2010*

practice among the four partners.²⁴ At their latest summit in July 2010, the V4 prime ministers pledged to intensify their joint representation within the Union and meet regularly ahead of EU summits.²⁵ Admittedly, the V4 replicated an existing tradition among various members of the Union to co-ordinate before European Council meetings either in an institutionalised format, such as the Benelux group, or in a regular but informal bilateral format, such as that performed by the French-German duo.²⁶

The occasional significance and potential impact of V4 co-ordination on EU decision-making, even at the level of ministers or the heads of state and government, was highlighted by the reaction of the French president to the coordinative meeting of the Visegrad Group before the European Council which was convened to decide upon the Union's proposal for the Copenhagen climate conference in December 2010. After the EU summit, the head of the French state expressed open irritation at the prospect of prepared and concerted positions of the Visegrad members of the Union warning that "if they have to meet regularly before each Council that could raise questions".²⁷ His comment reflected concerns about the consequences of not one particular occasion, but rather those of an emerging practice with the inherent possibility of more efficient representation of V4 preferences, even in opposition to those Member States which conventionally dominate the scene and shape the outcome of decisions at the highest level. As one of the regular participants in the traditional close co-ordination of the largest Member States, the French president found the replication of the same practice among smaller members inappropriate and potentially disturbing to the well-rehearsed operation of the EU summits orchestrated by the largest members.

Apart from being another sobering example of double-standards, the French reaction also illustrated the recognition of the potential consequence of the synchronization of Visegrad positions as the articulation of interests from a particular subset of EU members with an established facilitating mechanism for co-ordination. It became apparent that the representation and promotion of coinciding objectives of the four Central European countries in their V4 format could stand a much better chance in the face of political, economic,

²⁴ *Visegrad countries hold mini-summit in Brussels*, Euractiv.com, 25 March 2010

²⁵ *V4 Summit - V4 PMs pledge to intensify joint representation in EU*, <http://www.visegradgroup.eu/main.php>, 20/07/2010

²⁶ *Ambassador: Eastern Europe asks for fair representation in EEAS*, Euractiv.com, 25 March 2010

²⁷ *Honor Mahony: Sarkozy warns Visegrad countries not to make a habit of pre-summit meetings*, EUobserver, 4 November 2009

and psychological pressure from the largest Member States in their role as the traditional protagonists of the EU concert.

V4 candidatures and EU institutions

Mutual support for the candidatures of V4 countries to host European institutions or agencies represents an important dimension of co-ordination where the Visegrad partners could demonstrate and prove the practical value of concerted aspirations. Appropriate co-ordination – at the highest political level, if necessary – was considered to be a necessary expression of solidarity and support for the aspirations of the V4 participants as candidates to attain the establishment of EU institutions on their soil. The Slovak V4 Presidency in 2006-2007 announced the endeavour to initiate consultations on candidatures within the framework of the V4 before they were submitted to the EU. At that time, emphasis was primarily laid on institutional candidatures with possible co-ordination of personal candidacies in the event of progress in the former area.²⁸ In due course, the V4 partners began to put this into practice when they pledged to support the Czech candidature for the seat of the European Global Navigation Satellite System (GNSS) Supervisory Authority in Prague and agreed that support for candidacies should always be arranged in advance through consultations at the working level.²⁹

However, preliminary consultations did not guarantee the elimination of competition or the endorsement of ambitions from another V4 country in the final decision on the matter within the Council of the Union. In the case of the parallel applications of Hungary and Poland for the location (Budapest or Wrocław) of the European Institute of Technology and Innovation (EIT) and the withdrawal of Hungarian backing for the eventually unsuccessful Slovak quest to bring the Agency for the Co-operation of Energy Regulators to Bratislava³⁰ testified to the limits of co-ordination in competition and commitment to mutual support for national aspirations within the Visegrad group to ensure the location of symbolic pieces of EU infrastructures in the respective countries.

In certain instances of co-ordinated V4 support for candidature, the Visegrad countries could throw their weight behind not only their own applications for or

28 *The Programme of Slovakia's V4 Presidency, 2006-2007*, pp. 3, www.visegradgroup.org

29 *The Report of the Czech Presidency of the Visegrad Group, 2007-2008*, www.visegradgroup.eu/main.php?folderID=943

30 *EU agency vote revives Slovakia-Hungary language row*, *Euractive.com*, 8 December 2009

presence in institutions, but in favour of aspirants from other countries as well. As an instance of this sort of concerted promotion of a non-Visegrad candidate, the V4 and their B3 partners agreed to jointly support the candidature of the former Latvian president Vaira Vike-Freiberga to the EU Reflection Group on the future of Europe, and expressed their support at the European Council in December of 2007.³¹

V4 and EU presidencies

Representatives of EU Presidencies at the level of heads of state and government are regularly invited to the summits of the Visegrad Group before taking their terms at the helm of the European Union. With the advent of the first EU Presidency within the Visegrad region, representatives of incoming EU Presidencies came to be regularly invited to V4 summits. After the Portuguese and Slovenian Prime Ministers, the French President joined the official Prime Ministerial Visegrad summit as its special guest in June 2008.³²

Within the span of 3 years (2009-2011), three of the V4 countries will chair the Council of the European Union as participants in different Presidency Trio formations of Member States. Visegrad countries acting as the President of the Council are expected to keep their V4 partners informed of preparations for its EU Presidency term with a view to the identification of common denominators between the largely predetermined EU Presidency programme and the V4 priorities in various realms of common policies. As the experience of the Czech Republic demonstrated in the first half of 2009, EU Presidency terms may restrain the exercise of Visegrad contacts for reasons of simultaneous activities and limited capacities.³³

There is a certain continuity to the V4 presence in the temporary but central role of the EU Presidency throughout 2011. The position allows the V4, to a limited degree, to orchestrate the processes of discourse and decision-making with the potential to bring some of the V4's priorities and initiatives not only to the attention of other EU members, but to infuse some of the Visegrad perspectives into the broader EU policy context. When the EU Presidency is held by one of the

31 *Activities of the Czech Presidency of the Visegrad Group, June 2007 - June 2008*, pp. 9, www.visegradgroup.eu/main.php?folderID=943

32 *Supra note*, pp. 3

33 *Executive Report of the Polish Presidency in the Visegrad Group, July 2008 - June 2009*, pp. 1

V4 countries it carries the possibility of promoting particular and timely questions from the agenda of co-operation among a small circle of EU countries and placing them onto the menu of plenary discussion and policy-making of all 27 Member States. Undoubtedly, the operation and the agenda of the Union is determined, in great degree, by the rhythm and cycles of initiatives, discussions, and decision-making set in motion well in advance of the actual term of the Member State holding the EU Presidency. Nevertheless, each presidency has some limited space for priorities in addition to or, more successfully, in relation to, the largely pre-defined roadmap of EU legislation and policy process.

The rare and fortunate (and so far unprecedented) sequence of V4 countries (Hungary and Poland) in 2011 in the chairmanship of meetings at all levels of Council configurations offers the chance to synchronise the V4's priorities with the opportunities offered by the EU Presidency programmes. This fortunate coincidence in the timetables of the external relations and Presidencies of the European Union with the Visegrad countries temporarily orchestrating the related discourse among EU members permits more effective co-ordination of the pertinent consultations at both V4 and Union levels.

V4+ formats: Visegrad co-operation with third parties from inside and outside the Union

In their 2004 declaration of continued co-operation, the Visegrad countries had already emphasised their commitment to close co-operation with “their nearest partners in the Central European region”. Geographic proximity seemed to invite a natural collaboration with neighbours, though without clear contours and content. Outside the undefined borders of the Central European neighbourhood, other “countries within the wider region” (the Baltic republics for instance) and “other regional groupings” (the Benelux or the Nordic Council, just to mention the most obvious) were identified as possible partners for the Visegrad Group in specific areas of common interest.

The V4's co-ordination with external partners could take place at all levels of contacts. These platforms could be organised either within the Visegrad countries, generally hosted by the acting presidency state, or in foreign locations according to the agenda and the practical needs of co-operation. Meetings of V4 ministers, political directors of foreign ministries, ambassadors, and consuls, in combination with their counterparts from individual partner countries or groups

of states, offer opportunities for the presentation of concerted Visegrad Group positions, objectives, and initiatives.

One of motives of the V4 invitation to various partners for consultations to determine and elaborate common grounds for co-ordination and joint positions with the Visegrad countries have resulted in various encounters and co-operation initiatives between the V4 and their partners. Without the enlargement of the Visegrad Group, this solution offers an answer to the need for co-operation and co-ordination on a larger scale and on diverse issues when an enhanced coalition of partners may seem advisable to achieve or reinforce V4 goals. These extended meetings contributed to a better representation of common interests and broadened the perspectives for co-ordination of the entire Visegrad Group, reaching beyond its own limited circle of countries without the need for permanent engagement of any partner in co-operation across the board.

Although the formal extension of the V4 has never been considered as a serious option since its creation, the Visegrad partners proclaimed their willingness in 2004 to support broader collaboration with third parties in the so-called “V4+ formats”. In these constellations, the V4 countries appear as a group acting in concert in its interaction with external partners. Co-operation through these formations can be introduced and maintained for different reasons and with various sets of partners. The range of these partners for the Visegrad Four envelops individual states, groups of states (the three Baltic or the GUAM countries), as well as regional arrangements (Benelux Union or Nordic Council) from within and without the European Union.

One group of countries that meets the V4 regularly as an informal but discernible composition of partners is the trio of EU Member States on the Eastern shores of the Baltic Sea (B3 = Estonia + Latvia + Lithuania). Their co-operation with the Visegrad Group in the V4+B3 format represents an important configuration of V4+.

Another cluster of states that has begun to develop relations with the V4 as group is the GUAM (Georgia, Ukraine, Moldova, and Azerbaijan) constellation, which partly overlaps the range of the Eastern Partnership countries, but represent a more formalised set of partners. It held its first formal meeting with the Visegrad Group in Athens on the margin of the OSCE Council of Ministers of Foreign Affairs in December 2009. The occasion was convened to discuss the prospects and means of further co-operation between the two regional formations.³⁴

³⁴ *Information on GUAM meetings held in Athens*
http://embassy.mfa.gov.ge/index.php?lang_id=ENG&sec_id=343&info_id=5152

Apart from state parties either as individual partners or as parts of distinct political clusters of countries, certain regional frameworks within the Union can provide the benefits of experience for the V4 to learn from their best practices as closely knit subsets of EU members with a history of sustained co-ordination both before joining and also within the Union. Regional trilateral (Benelux Union) or multilateral (Nordic Council) frameworks serve as natural conduits for their simultaneous engagement in co-operation with the Visegrad Group. Coordination between the V4 and the Benelux and Nordic clutches of EU Member States can be expected to deliver discernible results in the implementation of common V4-Benelux projects in the framework of the Eastern Partnership and/or in the Western Balkans. Dialogue with the Nordic Council could help the Visegrad countries tap into the accumulated and combined experience of the Nordic states in environmental and energy policies.³⁵

In almost all sectors of Visegrad co-operation, V4+ meetings can be convened to engage third countries in collaboration on issues of shared common interests. Individual states may be invited to thematic meetings either as contributors to, or recipients of the results of co-ordinated initiation or implementation of policy goals. The subject matter on the agenda of these V4+ occasions determines the combination of which Visegrad countries will meet with which external partners. A few instances of issues and possible corresponding composition of V4+ formations may be mentioned as illustration.

Regional development

When national practices and experience in regional development and the use of EU structural funds come under examination at ministerial meetings, Romania and Bulgaria usefully complement the four Visegrad states as other recent EU members with strong vested interests in consultation and possible co-ordination to ensure the sustained availability and most efficient use of these resources from the Union's budget.³⁶

Energy policy

V4+ co-operation on some of the sectoral issues can take on great significance when related to matters that may determine the underlying condition of economic performance and strategic stability of participants. Among these matters

³⁵ *Press Statement from the Meeting of the Secretary General of the Nordic Council of Ministers with the Representatives of the Presidency of the Visegrad Group, 14 May 2008*

The Programme of the Hungarian Presidency of Visegrad Group, 2009-2010, pp.7

³⁶ *Executive Report of the Polish Presidency in the Visegrad Group, July 2008 – June 2009, pp. 5*

of comprehensive importance, issues of energy security, supply connection and the operation of energy markets – at a regional and at the European level alike – stand out as prominent areas for V4 co-ordination in their intra-European and extra-European aspects. The above identified issues of energy policy cannot be efficiently coordinated without due consideration to co-ordination with partners and the structural conditions beyond the V4 cluster of states. In recognition of the need to “energise” broader regional consultations, the Visegrad Group initiated the V4+ Energy Security Summit in Budapest in February 2010. In addition to the V4 officials, high ranking representatives from the countries of Central- and South-Eastern Europe from within the EU (Austria, Slovenia, Romania, and Bulgaria) and from outside the Union (Croatia, Serbia, and Bosnia-Herzegovina) were invited to the extended Visegrad gathering in search of co-ordinated policy responses with regard to common energy supply challenges on the basis of regional co-operation and within the context of EU policy goals. These were envisaged to include strengthened co-operation in the further integration of gas networks and diversification of routes, as well as sources of supplies, the promotion of North-South interconnections through all V4 countries, the acknowledgement of a common regional interest in the update of the EU energy action plan and joint efforts for the allocation of EU financial resources to energy infrastructure projects.³⁷ As a demonstration of progress on some of the identified aims in the conclusion of this V4+ energy discussion, the Hungarian-Romanian gas interconnector opened in October 2010 and was built as an instance of bilateral contribution to the practical implementation of systematic reinforcement of regional gas supply links.³⁸ In line with the stated priorities, the North-South connection of gas transportation networks into and across the Visegrad area is currently under way, as elements of the piecemeal composition of energy linkages reach different phases of construction: conclusion of the underlying intergovernmental agreement (the Hungarian-Slovakian pipeline³⁹), its implementation (Czech-Polish link⁴⁰), or fulfilment (connecting pipeline between Croatia and Hungary⁴¹).

37 *Declaration of the Budapest V4+ Energy Security Summit, 24 February 2010*

38 *Vladimir Socor: Hungary-Romania Gas Interconnector: First Step Towards Region-Wide Network, Eurasia Daily Monitor, 15 October 2010, Volume 7, Issue 186*

39 *Slovakia, Hungary to sign agreement on building gas pipeline, 15 December 2010, Budapest Business Journal online, <http://www.bbj.hu/?col=1004&id=55233>*

40 *Central questions, The Economist, 4 March 2010*

41 *Hungary-Croatia gas interconnector put into operation, News from the Visegrad Group, 23 December 2010, <http://visegradgroup.eu/main.php?folderID=912>*

Eastern Neighbourhood

The Eastern Partnership, formally launched as the Eastern dimension of the European Neighbourhood Policy (ENP) in May of 2009 in Prague, represents another issue area where the Visegrad Group naturally resorts to V4+ formats to extend the discussion and co-ordination in this field to interested partners from within and without the Union. The extended platform with the V4 at its core could possibly include EU members with expressed intentions and willingness to lead or participate, and the target countries of the partnership proposal. Although the idea to reinvigorate and differentiate the Eastern aspects of the ENP was not raised as a visionary V4 proposal Poland and Sweden's joint policy design⁴², the Visegrad countries as a group quickly embraced and internalised the initiative as the new focus of their previously emphasised common interests in this dimension of European foreign policy in co-operation with other EU Member States⁴³. Some "Eastern partners" (Ukraine, Moldova⁴⁴, and Belarus) have been offered separate occasions to meet the Visegrad Group in individually tailored V4+ formats⁴⁵. In its largest, extended version of the V4+ congregation of foreign ministers so far, the representatives of the Visegrad Group as the core cluster of the event invited all of the heads of national diplomacies of the EaP countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine) together with the most probable directly interested EU members (Estonia, Latvia, Lithuania, and Sweden) and the institutional representation of the Union by the 2010-2011 Trio Presidency of the Council (practically Spain and Belgium, because Hungary was the host of the diplomatic conference) and by the European Commission (through the presence of its member responsible for enlargement) attended the occasion devoted specifically to the further development of the EaP in March 2010. The main objective was to find effective ways and means to advance the implementation of the Eastern Partnership, and to express the commitment of the Trio Presidency to keep the issue high on the agenda.⁴⁶ The participating ministers stressed the need to reinforce the energy security co-operation of all participants, agreed to launch an informal group of non-EU countries to support the implementation of the EaP,

42 Ahto Lobjakas: *EU: Poland, Sweden Breathe New Life Into Eastern Neighborhood*, Radio Free Europe/Radio Liberty, RFEL.org, 29 May 2008

43 *Joint Statement of the Visegrad Group countries, Bulgaria, Estonia, Lithuania, Latvia, Romania and Sweden*, 24 November 2008

44 *Joint Statement of the Ministers of Foreign Affairs of the Visegrad Group Countries and Moldova*, 25 October 2007

45 *Executive Report on Polish Presidency in the Visegrad Group*, July 2008 – June 2009, pp. 2,

46 *Joint Statement of the foreign ministers of the Visegrad Group at their meeting in Budapest*, 2 March 2010

and highlighted the importance of connecting the region into European transport infrastructure networks.⁴⁷

Defence co-operation

To some limited extent, even defence consultations may serve to develop and maintain the V4+ format as another dimension of the search for more engagement and inclusion into co-operation with partners such as Ukraine. The invitation to the Ukrainian Defence Minister and Chief of the General Staff to attend meetings of the V4 Defence Ministers and Chiefs of General Staff in Prague in 2008 demonstrated the intention of the Visegrad Group to explore possible ways of collaboration and assistance in the reform process of Ukraine in the military realm of security.⁴⁸

V4 + B3 co-operation on selected issues

From 2006 onward, representatives of the Baltic states began to appear on the guest lists of V4 foreign ministerial gatherings in the company of other potentially interested and smaller EU members (Austria and Slovenia) in order to coordinate joint activities relating to Ukraine, Belarus, Moldova, and the countries of the Western Balkans.⁴⁹ In the shape of meetings between foreign ministers on the margin of broader multilateral events, the V4 + B3 co-ordination was set on a more regular basis after the initial more thematic and casual encounters. Most naturally, when the General Affairs and External Relations Council (GAERC) or the European Council have been summoned, these occasions provided convenient and recurrent opportunities for consultations between the two groups of states on the Eastern flank of the Union in the context of the actual agenda of the high-level platforms of EU decision-making.⁵⁰

A more specific occasion for closer co-ordination within the V4+B3 format emerged in relation to the shared Visegrad–Baltic aims to complete their EU accession with full integration into the free movement within the Schengen area of travel without EU border control. Despite their formally accomplished full membership in the EU, their admission into the one of the inner layers of integration

47 *ibid.*

48 *Joint Statement of the Ministers of Defence of the Visegrad Group Countries, Prague, 25 April 2008, Para. 1 and 5*

49 *The Programme of Slovakia's V4 Presidency, 2006-2007, pp. 2*

50 *The Activities of the Czech Presidency of the Visegrad Group, 2007-2008, pp. 8*

represented a symbolic aspect and, also, a very practical expression of benefits for the populace of the new Member States. The Central European and the Baltic countries seemed to converge as natural allies within the EU in recognition of their simultaneous aspirations to the Schengen zone. The V4 + B3 coalition of seven aspirants pledged sustained and close co-operation within the Union to make the Schengen enlargement possible within the shortest possible time perspective.⁵¹

A further illustration of the utility of the V4+B3 format as a suitable platform for co-ordination on several issues simultaneously between the Visegrad and the Baltic regions was when the second part of the summit of the Visegrad Group in November 2008 was transformed into a combined Central European and Baltic congregation of prime ministers. The meeting of Visegrad and the Baltic countries at the highest political level was dedicated to those issues of foreign policy, energy security, and transnational challenges that figured prominently not only on their national lists of priorities, but also that had arisen at the European Council as questions of strategic significance for the entire Union. With respect to shared foreign policy interests, the Visegrad and Baltic EU members pronounced their expectations that the Union would ensure adequate “financial measures essential for an effective implementation of the Eastern Partnership”⁵². As for energy security, the heads of government from the V4+B3 group made their shared consensual opinion clear about the role of the Union: it should “pave the way” for diversification of energy sources and supply routes to EU Member States. Regarding the composite energy-climate package of policy proposals, the V4+B3 cluster of countries stressed in their joint conclusion that “all accepted solutions should be suitable for all European economy sectors and for all Member States of the EU”⁵³.

The complex issues at the interface of common environmental and energy policies on the agenda of the highest level of V4 + B3 co-ordination demonstrated the occasion to take a firm stance on the adoption of decisions in these fields at the level of the Union with serious implications for all members. In order to ensure the equitable allocation of economic and social burdens of adaptation, the V4+B3 coalition stood united in its call for “consensus decision” about the final shape and content of the components of the energy-climate packet. The Visegrad prime ministers insisted that the specific situations, as well as individual phases of development, in the case of each EU Member State should be taken into ac-

51 *Statement of the Visegrad-4 and Baltic-3 Foreign Ministers, 13 November 2006, www.visegradgroup.eu*

52 *ibid.*

53 *ibid.*

count and recognised in the final compromise.⁵⁴ It resonated well among the Baltic countries which willingly embraced the approach represented by the V4 group to prepare a common position for the forthcoming difficult and prolonged bargains at every round of the decision-making process in the Council. By their joint insistence on unanimity, the Visegrad and Baltic members of the Union sought to preserve the last resort of veto in defence of vital national interests if disproportionate shares of EU commitments were intended to fall upon them. With positions adopted in concert, both groups –the V4 as well as the B3– of EU Member States stood a much better chance of successfully representing their interpretation of appropriate decision-making and arguing for fairness in the share of costs of particular common policies implemented within the Union, and even in the broader context of collective international commitments by the EU.

The demonstration of successful sectoral co-operation among the V4 and beyond: Entry into the Schengen zone

The V4 states stated their intentions to enter the Schengen zone together. They also decided to submit a joint V4 application for participation in the Schengen system.⁵⁵ The Visegrad countries demonstrated their confidence and political will to arrive at the next stage of post-accession integration in team formation. In contrast with their competitive pursuit of national aspirations prior to their admission to the EU, this time the V4 partners wanted to attain the obvious benefits (shorter national border sections to be controlled) of concerted passage to a higher stage of integration as the result of collective efforts and co-ordinated preparations.

The Schengen issue continued to represent a declared key priority for all of the V4 partners after 2004 and figured as one of the main focuses of consultations and co-ordination in the presidential activities of the Visegrad partners. Until the end of 2007, preparations and positions with respect to the conditions and timing of their Schengen entry were the staple of V4 discussion and co-ordination. The inclusion of the V4 countries into the ‘borderless European wonderland’ of unrestricted and unimpeded movement of persons carried the primary theme for pragmatic co-operation in concreto, not solely within the group, but also with other new EU members from the Baltic region sharing the same goals.

Although their preparations for participation in the system of unified border control and visa regulations ultimately depended on individual national measures to fulfil the technical requirements of watertight border control and seam-

54 *Joint Statement of the Visegrad Group Prime Ministers, Warsaw, 5 November 2008, Section II.*

55 *Declaration of Visegrad Group Ministers of the Interior, 19 July 2004*

<http://www.visegradgroup.eu/main.php?folderID=961&articleID=3891&tag=articlelist&iid=1>

less flow of information, the new Schengen aspirants understood their timely and simultaneous arrival as a common goal of mutual benefits. Since these states together represent a contiguous stretch of EU members from the Adriatic to the Baltic Sea, their joint entry could spare the high costs of border control with each other required by the standards of the Schengen system. Their separate admission to the Schengen area would have demanded the introduction of potentially stricter border controls with each other than existed prior to their accession. It could have certainly resulted in a juridical division and formal separation through the imposition of an internal EU border regime. Strangely enough, the Visegrad and the other aspirant countries would have had to apply more rigorous checks at their common borders as EU members than before membership. Besides the predictable sense of increased separation between the new members, it could have meant more costly preparations as the result of the extended border control required by the demands of the Schengen system. None of these consequences seemed desirable within the Visegrad Group or in the larger cluster of Central European and Baltic states.

Despite their determination and awareness to move in “close formation”, the V4 band of partners started to disintegrate as difficulties arose in meeting the technical requirements at some point (in case of Slovakia and Poland in 2006) and the spectre of the return to the pre-accession practice of national strategies – each state on its own – began to appear. After the recognised shortcomings in the preparations of some of the V4 countries, the EU members of the Schengen zone publicly deliberated the postponement of its enlargement.⁵⁶ The prospect of delay reinvigorated the determination and cohesion of the Visegrad Group. In their joint response, the V4 issued open protest against any prolongation of their preparation and the resulting deferment of the entry date. In their concerted position, the V4 emphasised that they treated their Schengen entry as an “absolute priority”, and any delay “would be viewed as discrimination”.⁵⁷ In a concerted act of pressure on the European Commission and the Schengen Member States, the ministers of foreign affairs of the V4, together with their B3 counterparts stressed “their firm interest in joining the Schengen area” in October 2007 according to the original timetable. The Visegrad and Baltic partners jointly called upon the Commission and the rest of EU members to reaffirm their previous commitments. The V4+B3 coalition warned that if this target date happened to “be delayed significantly for technical reasons it would affect the credibility of the

56 *Drulakova 2007, pp. 12*

57 *Visegrad Four protest against Schengen entry delay, Euractiv.com, September 2006, [Http://www.euractiv.com/en/enlargement/visegrad-protest-schengen-entrydelay/article](http://www.euractiv.com/en/enlargement/visegrad-protest-schengen-entrydelay/article)*

EU in the public opinion in the new EU Member States”.⁵⁸ Ultimately, their entry into the Schengen area depended not on the aspirations of the V4 countries, but on the approval of the abolition of border checks and examination of persons between the new and the old Member States. The approval of V4 participation in the deeper core of political integration within the mould of the external Schengen borderline had to be adopted in a unanimous decision by the Council. This was only possible when all of the Member States inside the Schengen core of the Union could be convinced that their internal security would not be jeopardised by the extension of free movement of people to the external border of the new members. Even if the precise date of their eventual entry did not coincide with their exact demand, the inclusion of the V4 and the B3 into the Schengen area took place before the end of 2007 as the result of their appropriate technical preparations and their firm insistence on the original timeline of the moves further and deeper into closer integration in one of the political pillars of the Union.

Does the Visegrad Co-operation Have a Future?

The relevance of the Visegrad Group as regional coalition in EU politics and decision-making

The accomplishment of complex undertakings of policy co-ordination and concerted implementation, such as the simultaneous rite of passage to the inner core of the European Union through the free movement of persons remains a specific and spectacular example of synchronisation among the Visegrad countries. It displayed the features of rewarding co-operation not only within the V4 cluster, but involved further partners from among later EU Member States treading the same path to deeper integration. Qualification for a more advanced class of mutual reliance and openness certainly marked the high point where the Visegrad Group could make the most use of co-operation in its concerted drive as a coalition to get over the demanding standards of admission into the Schengen zone. No other challenge with the same need for co-ordination and simultaneous fulfilment of requirements is currently in sight for the Visegrad countries within the EU. Membership in the Euro zone (so far only Slovakia has managed to get in), the ultimate

⁵⁸ *Statement of the Visegrad-4 and Baltic-3 Foreign Ministers, Brussels, 13 November 2006*

enterprise on the path to completion of their gradual integration into every aspect of the Union needs to be undertaken individually, not as a group. Experiences and lessons could be usefully shared, but each Visegrad state without the common currency yet must meet the criteria through its national economic and monetary performance. Even in the absence of landmark challenges that could call for a concerted demonstration of readiness and ability of the Visegrad countries for higher stages of integration, regular and extensive V4 co-ordination can be expected to prove a continued utility in a variety of fields, at all levels, and at any time in the ordinary operation of Union.

After the entry of the Lisbon Treaty into force, the European Union has moved clearly in the direction of a more supra-national character. The reformed treaty framework of the Union has significantly extended the range of matters and policy areas governed by the community method of qualified majority voting (QMV). The nature of decision-making has been significantly altered and shifted towards the increased role of supra-national institutions of European politics. Parallel with the scope of QMV decision-making, the role of the European Parliament (EP) has also been extended decisively. Co-decision with equal standing and participation of the Council and the EP in the law-making process has become the prevalent mode of legislation under the redesigned allocation of competences and institutional powers.

Two significant implications of these changes must be taken into account in the Visegrad countries.

There is an irreversible tendency leading to the full emancipation of the European Parliament as the indispensable partner of the Council with equal legal status in the prevailing mode of future legislation within the Union. This will transform the political landscape for co-operation among the Visegrad countries within the EU institutional framework if the V4 aspires to exercise a discernible influence on the final outcome of policy formation and decision-making. Co-operation and co-ordination of endeavours may be exercised not only at all levels of the Council structure from working groups to EU summits, but within the Committees and in the plenary sessions of the European Parliament as well. If and when the shared interests of the Visegrad partners can be identified and moulded into a common position, it could be articulated and represented consistently in a concerted manner by the MEPs of these countries, regardless of party affiliations. Besides the more familiar ground of the Council's decision-making environment, the same importance should be attributed to the EP as the other leg of the legislative process in the co-ordinated promotion of V4 priorities once a unified approach has been attained on any particular policy issue within community competencies.

As to the V4 perspective on decision-making in the Council, the advent of more decision-making by a qualified majority leaves less space for protection against unfavourable outcomes by the rule of unanimity in the adoption of decisions by Member States in the Council. The resulting restricted use of a national veto in defence of declared “vital national interests” increases the likelihood of a minority position for Member States on the losing side of “policy battles” unless agreeable compromises can be achieved or sufficiently forceful coalitions can be assembled to prevent the adoption of unfavourable solutions. The largest EU countries naturally represent the crucial centres of gravity in the process of any decision-making and the formation of interest groups within the circle of 27 members. Smaller members must deliberate carefully and gauge the positions of others. Lonely voices of less sizeable or influential EU countries do not stand much of a chance to change the tune of policy and legislative proposals. There are two options for these smaller members if they want to be heard in the Union dominated by variable geometry and shifting coalitions.

They either create stable alliances with larger Member States or rely on regional groupings such as the Baltic, Nordic, Benelux, and Visegrad groups. Both options are built on the presumption that the national preferences continue to coincide among the partners in any of these coalitions. The sustained concurrence of national aspirations and priorities between dominant large Member States and their smaller allies or in regional clusters cannot be taken for granted permanently. It seems more probable and logical that the particular “missions” will determine the “coalitions of changing composition”. Issue areas and policy fields would determine the combination of Member States in the course of often protracted clashes of interests and concepts before any decision could be reached through the accumulation of necessary (qualified) majority.

Co-ordination and elaboration of timely positions and supportive arguments within the V4 could give rise to the composition of a larger concert of EU countries on timely questions of widespread interests across the Union. In a vivid illustration of this occasional generative potential of V4 opinion among other quarters of the Union, the position paper of the Visegrad Group on the EEAS pulled support from several like-minded countries. The articulated expectations of the V4 assumed additional importance as it catalysed the formation of a casual coalition of, altogether, 15 EU Member States that “broadly allied themselves” with the position of the Visegrad countries.⁵⁹ In this instance, the position taken and disseminated by the V4 apparently represented not only Central European

⁵⁹ Andrew Rettman: *New EU states make bid for more diplomatic clout*, *EUobserver.com*, 10 March 2010

views, but the perception of a larger section of EU membership that surfaced as the Visegrad quartet laid out its joint approach openly. Several other countries lined up to endorse the V4 call for equitable and proportionate representation of the Member States once it had been articulated and addressed to the entire circle of interested parties within the Union. The role of the concerted V4 stance on the emerging EEAS serves as an example of mobilisation of an “occasional alliance” with the Visegrad Group at the core of a cluster of EU members converging around particular issues in pursuit of shared interests and principles.

The relative weight of V4 in the EU

The simultaneous admission of the V4 countries highlighted certain important distinctions within the Visegrad pack. Prior to their EU membership, the nature of the operation of the group had been sustained in the context of a quadrilateral relationship among entities with formal equality as participants in an intergovernmental co-operation of sovereign states. All participants were equally indispensable for the adoption and implementation of co-ordinated V4 aims and initiatives. Upon their entry into the Union, the equal importance of the Visegrad partners in decision-making and implementation became manifestly qualified inside the European Union. Under the terms of distributed and unequal voting weights of EU members, in their individual capacities the Visegrad partners represent different gravities and potential to exercise any recognisable influence on common purposes and outcomes of co-operation at the Union level. EU membership introduced new differentiation into the ranks of the Visegrad countries as participants in policy formation and implementation within a much larger multi-lateral fabric of co-ordination.

Although the Visegrad co-operation is not confined to EU structures and policies, nevertheless the multilevel governance system of the Union represents the overarching framework of orientation under which the overwhelming majority of their co-ordination and co-operation inevitably began to take place after 2004. Therefore, the weight of each participant in the Visegrad Group had to undergo a reassessment against the backdrop of conditions determined by that framework. The actual differences between the constituent parts of the V4 platform received recognition and gained “special weight” within the EU as the variations in their voting powers determined by the demographic characters of these countries came to be enshrined in the provisions of the Treaty on the European Union after

Nice. The accession of the Visegrad countries accentuated the contrast within the cluster.

The apparent asymmetry between the size and population of Poland and those of the other three participants assumed real significance within the Union. The acknowledgement and reflection of the “heavier weight” of Poland by the number of votes assigned to it within the institutional parameters of EU decision-making registered and preserved the stronger potential of Poland to shape policy-making processes in comparison with the individual possibilities of the rest of the V4 Group as new EU members. This had significant impact on the perception regarding the prospects of V4 partnership within the fabric of the European Union. The predictable Polish expectation to take its place in recognition of its voting power within the league of large Member States soon turned out to present a source of potential jealousy and criticism of its ambitions on the part of the three smaller Visegrad countries.⁶⁰

On the other hand, the relative significance of their influence on the result of decision-making is certainly limited in the case of each Visegrad country if the number of allocated votes is counted separately. Even in the case of Poland, the larger stock of votes at its disposal does not suffice to decisively shape the outcome of decision-making on its own. Nevertheless, the composite weight of concerted V4 votes in the Council equals the combined voting power of Germany and France. This formal or, more precisely, numerical equality of V4 votes with those of the Franco-German tandem highlights the possible effect of coherent and collective positions of the Visegrad partners in the decision-making of the Union until 2014⁶¹. This remarkable inherent potential impact of joint voting-powers can be exercised by the combined momentum of individually allocated quotas of national votes as the most significant and occasionally decisive manifestation of the added value of Visegrad co-ordination at crucial moments of EU decision-making.

60 Gniazdowski, 2005, pp. 81

61 *In line with the provisions of the Lisbon Treaty, the current system of calculation – determined in the Treaty of Nice of 2000 – of the necessary qualified majority for the adoption of decisions not requiring unanimity is going to remain in force until 2014.*

A brief summary of lessons from the V4 regional co-operation within the EU since 2004

In pursuit of more efficient definition and promotion of identified common interests, the Visegrad Group can provide the benefits of regional multilateralism in its coordinative and cooperative functions within the circle of participants and combine the weights of individual national positions in order to multiply their impact outside their own cluster. The inherent potential of multinational platforms comprising a number of states, even if as limited as the V4, to attain enhanced weight in international matters through their concerted stances and acts constitutes the *raison d'être* for sustained collaboration, with or without permanent institutional structures. Since no consultation is obligatory on any issue among the Visegrad partners, any government of the Group may feel free, at any time, to choose not to resort to the V4 framework.

Although the operation of the V4 formation entails regular meetings at various levels of government, co-operation within the Group has never come close to institutionalisation despite a few proposals from some of the participants. Nevertheless, the meetings that take place as a regular part of the V4 process provide an opportunity to debate EU affairs and establish whether and to what extent the national positions within the Visegrad Group on particular issues coincide, enabling the participants to pursue concurrent aims collectively. In spite of a consolidated practice of co-operation and the existence of collective interests among the V4 as EU members, a natural dose of divergence may be well expected to surface in many cases. In spite of the permanent or temporary coincidence of their interests on many issues, nothing predetermines their agreement on any of these matters unless the V4 take conscious efforts to hammer out the common points in their respective national policies within a regional, European, or broader international context.

Notwithstanding the proven utility of the Visegrad Group as a useful and potentially effective platform for the co-ordination of positions, recourse to the V4 framework has never appeared to warrant the adoption of a united stance and univocal representation of Central European positions and perceptions. The essential benefit of the Visegrad formation of states remains its flexibility and availability as the regional political and sectoral co-operation mechanism to identify, co-ordinate, and promote the shared V4 preferences with regard to particular policies. The identified aims and choices can be pursued collectively but the possibility of concerted action does not in any way imply that continued co-ordination would inevitably lead to common positions, either on issues of particular EU policy or matters of intra-regional co-operation.

Increasingly often, the four countries must anticipate situations where their interests may differ considerably in policies regarding the internal market or the redistributive instruments of the Union to channel resources for certain commonly agreed upon purposes. Controversies and divergences among the Visegrad countries do not invalidate the utility of attributed and assumed functions of V4 co-operation. The cultivation of multilateral discourse among the participants of the V4 quartet, especially in cases of disagreement, could still yield the valuable benefits of clarity and predictability of their interactions as the Visegrad subset of Member States within the larger and complex institutional and procedural setting of the Union.

As a concert of sovereign states without the formal obligation to discuss any policy or action of the participants, the V4 remains remarkably flexible in its choice of themes and objectives, as well as instruments to manage and achieve them. The source of survival and longevity of the Visegrad co-operation may well spring from the very nature of the Group as a platform of choice and not of necessity. Since their collaboration is clearly optional rather than compulsory, participants are not bound “to work through Visegrad or to achieve consensus, but can use it when beneficial”⁶². Within the context of multilevel governance of the European Union, the elaboration of unified positions and joint approaches of the V4 countries is not an end in itself, but rather the manifestation of common denominators in pursuit of their collectively determined interests in the internal or external dimensions of the Union.

GUAM Organization for Democracy and Economic Development

The History of GUAM co-operation

The early stage

The current regional co-operative GUAM framework, comprising two East European (Moldova and Ukraine) and two Caucasian countries (Azerbaijan and Georgia) was established in 1997 as a cluster of former of constitutive entities of the Soviet Union in search of means to reinforce their newly gained independent status through co-operation with other countries in the same situation. In 1999,

62 Rick Fawn: *Visegrad: The Study and the Celebration*, *Europe-Asia Studies*, Vol. 60, No. 4, June 2008, pp. 684

when Uzbekistan, from Central Asia, joined the GUAM it extended the political contours of the co-operative framework to another region of the former Soviet political space and transformed the name into GUUAM.

The grouping of these five former Soviet republics seemed to be just another political combination of some of the countries emerging from the ruins of the collapsed Soviet empire. These countries did not even represent a conventional region in the spatial sense with the diverse geographical vicinity of its components. From the foothills of the Carpathian mountains to the steppes of Central Asia, the participants stretched across a vast area with no other contours of definition than their declared intentions to establish some visible forum for consultation and co-operation within a political region of shared aspirations and interests. For years, it remained a platform for high-level official meetings without the consolidation of any organisational form or institutions.

Originally, the GUUAM was created mostly as a loose and symbolic framework for co-operation outside the Russian dominated CIS. It demonstrated the independent and direct multilateral relations of former imperial territories of the Soviet empire without or even in defiance of Russian tutelage. From the outset, Moscow has reacted to GUAM with mistrust and hostility, perceiving it as an instrument of US influence to constrain and undermine the CIS, which was initiated to serve the interests of Russian foreign policy within the former imperial realm.

The institutionalisation of co-operation through the GUUAM reached a phase of discernible and consolidated format when the participating states adopted their Yalta Charter in 2001.

The operational character of the first version: the aims and means of co-operation in the GUUAM format.

June 7, 2001 - 12:10 — naThe GUUAM Charter was adopted and signed at the Yalta summit of the Republic of Azerbaijan, Georgia, the Republic of Moldova, the Republic of Uzbekistan, and Ukraine in 2001.⁶³ Before the adoption of a formal founding instrument, several declarative and jointly adopted documents laid out the scope and modality of co-operation among the five partner states before the conclusion of a specific charter containing all consensual elements and aspects of regular contacts and working relations.⁶⁴

63 GUUAM Charter, Yalta, Ukraine, 7 June 2001

64 *Strasbourg Declaration*, 10 October 1997

Washington Declaration, 24 April 1999

New York Memorandum of the GUUAM Heads of State, 6 September 2000

In the founding instrument of the GUUAM framework, the participating states declared that they perceived their regional co-operation to be an instrument of joint contribution to the consolidation of sovereignty, independence, and territorial integrity of all partners. The objectives of co-operation within the GUUAM were defined with respect to the following set of common interests:

- the promotion of social and economic development
- the reinforcement and expansion of trade and economic links
- the development and effective use of the transport and communication infrastructure across their territories
- the strengthening of regional security in all spheres of activity;
- the development of scientific and cultural relations, as well as projects in the humanitarian sphere;
- co-ordinated actions in multilateral international organizations;
- a concerted fight against international terrorism, organized crime, and drug trafficking.⁶⁵

Each participant state could submit proposals regarding further possible directions and areas of broadened co-operation. The GUUAM was stated to remain open for any new member, which would commit itself to the objectives and principles of the regional association set forth in its Charter.

The operation of the GUUAM was sustained by relations and co-ordination exercised at three levels – presidential, foreign ministerial, and co-ordinating official levels. The adoption of decisions within the GUUAM required consensus among all members at every level. Its political direction was determined by the annual meeting of the heads of state as the highest platform for joint consultation and decisions. The presidency in the GUUAM is exercised by each country in rotation in alphabetical order for the period between the presidential summits. At their meetings, the heads of state as the principal political forum within the GUUAM, could adopt decisions on

- the principal directions of political, economic, and humanitarian cooperation within the GUUAM
- the establishment of the GUUAM's specialised bodies;
- the co-ordination of national positions on urgent international issues of mutual interest.⁶⁶

In the course of its operation, the platform of foreign ministers functions as the executive body for GUUAM convened twice a year to oversee the implemen-

65 GUUAM Charter, Para. 1.

66 *ibid.*, Para. 6.1.

tation of agreements among the participants and the proposals for the further development of their co-operation. These initiatives were submitted for consideration and adoption at the meetings of heads of state.⁶⁷

For the purpose of maintenance and review of working relations within the GUUAM, the Committee of National Co-ordinators (CNC) was established as the forum for regular contacts and pragmatic discussions of all aspects of operation related to the tasks and aims of GUUAM co-operation identified at the higher political platforms. The CNC was entrusted with co-ordination of activities among the partners to ensure the preparation of the meetings of presidents and foreign ministers. The CNC had to convene regularly, at least quarterly or, at the request of any of the member, extraordinary sessions could be convened.⁶⁸

The return to GUAM and its revival

After the defection of Uzbekistan in 2002, the cohesion of the grouping seemed questionable which could have consequently undermined the rationality of the entire political co-operation. Instead of disintegration and decline as some more sceptical predictions suggested, the ‘peaceful coloured revolutions’ – Rose in Georgia in 2003 and its Orange version in Ukraine in 2004 – breathed new life into the grouping. GUAM relations came to be reinvigorated as the formation gained a new sense of direction and meaning with the advent of political forces into government in those countries with programmes to redefine their countries’ perspectives through increased co-operation and gradual integration with Western institutions.

In May 2006, the presidents of the four GUAM countries adopted a new charter, rules of procedure, and financial regulations. Crucially, the leaders also expressed their desire for increased co-operation with NATO and the European Union. The organization was renamed as the Organization for Democracy and Economic Development-GUAM. As a result of its “reinvention” after almost a decade of existence as an annual congregation of heads of state, the regional grouping was transformed into an institutionalised platform for regional consultation and policy co-ordination with permanent structures, legal status, and co-operative relations with other international formations. At the same summit,

67 *ibid.*, Para. 6.2.

68 *ibid.*, Para. 6.3.

the GUAM presidents also signed the legal instruments of economic integration among the four countries through the creation of a free-trade zone and a customs union.

The characteristics of GUAM as regional cooperative framework

The organisational features of the GUAM

The original four GUAM states decided to transform their group into an “international regional organization” under the name of Organization for Democracy and Economic Development – GUAM and adopted a new Charter.⁶⁹ The main purposes of the new GUAM were laid out partly in similar terms to those of the previous GUUAM, but with added elements as well

- the promotion of democratic values, ensuring rule of law and respect of human rights
- sustainable development
- the strengthening of international and regional security and stability
- the deepening of European integration for the establishment of common security
- the expansion of economic and humanitarian co-operation
- the intensification of political interaction and practical co-operation in areas of mutual interest.

After its redefinition, the GUAM was composed of two principal structures: the Council and the Secretariat. The Council was designed as a central institutional component for co-ordination and decisions in the organization. It performs its function at four levels: heads of state, foreign ministers, national co-ordinators, and permanent representatives. The functions, competences, and working order of the Council were defined in the present Charter and in the GUAM Rules of Procedure.⁷⁰

⁶⁹ *Charter of Organization for democracy and economic development – GUAM*
<http://guam-organization.org/en/node/450>

⁷⁰ *Article 3, GUAM Charter*

The structures of co-operation within the GUAM

The need for the political and strategic direction of regional co-operation through the GUAM remains constant. The highest level where the four partners could take the most important decisions remained at the presidential level. The specific formation of the GUAM Council provides the institutional platform for the summits of presidents from Member States in the shape of the Council of the Heads of State (CHS). At its annual meetings, this Council format with its presidential participants⁷¹

- defines the priorities and orientation of GUAM activities
- decides on principal issues of its internal structure and functioning and its interaction with other states and international organizations
- decides on membership in GUAM and the granting of observer or partner status
- addresses the most pressing international issues and takes corresponding decisions and recommendations.

The GUAM Council in its foreign ministerial format meets at least twice a year. The Council of Ministers for Foreign Affairs (CMFA) was charged with various responsibilities. In its capacity as the regular quadrilateral forum at the level of GUAM governments, the CMFA performs its indispensable political tasks in the operational direction of the organisation when it

- ensures the implementation of decisions and recommendations adopted at presidential level
- hold consultations in the field of foreign policy on the issues of mutual interest
- establishes and defines functions and order of work of GUAM working and ad hoc bodies for implementation of concrete tasks
- considers and takes decisions on current issues of GUAM activities
- adopts GUAM's budget for the following year
- prepares the CHS agenda
- takes decisions on other issues envisaged by the present Charter.⁷²

By decisions of the Council of Ministers for Foreign Affairs (CMFA), working and ad hoc bodies may be established on a permanent or temporary basis; additionally, meetings of representatives of corresponding ministries and/or agencies of the partner countries can be summoned.⁷³ At the levels of strategic direction and political guidance, designated national officials from the foreign ministries of each Member State ensure the sustained co-ordination of interactions among

⁷¹ Article 4, GUAM Charter

⁷² Article 5, GUAM Charter

⁷³ Article 3(5), GUAM Charter

GUAM partners and prepare the CHS and CMFA sessions through the operation of the Council of National Co-ordinators (CNC). The CNC conducts its sessions at least four times a year. In its fourth format, the Council is composed of the Permanent Representatives of the Member States. These Permanent Representatives are accredited to the Secretariat of the GUAM and entitled to the status of diplomatic staff. The Council of Permanent Representatives (CPR) was set up to carry out its work to provide a standing forum for consultation and co-operation in order to facilitate GUAM activities. In this respect, the CPR

- reviews the progress of implementation of strategic and political decisions adopted at higher levels
- elaborates the agenda, the drafts of decisions, and other documents for the sessions of the Council at higher levels
- takes part in the preparation and conduct of Council sessions at the political levels
- adopts decisions within its competence on the issues of GUAM co-operation.

The Secretariat provides organizational and technical support for GUAM activities in line with the provisions of the GUAM Charter and decisions adopted by the Council. The Secretariat functions under the supervision of the Secretary General and relies on its staff of international officials. The Secretariat prepares annual reports on the various aspects and results of GUAM activities, which are presented to the CMFA for approval. The GUAM Secretariat is located in Kiev as the capital of its largest member.

The decisions within the GUAM need to be adopted with the participation of all members on the basis of consensus by achieving agreement without voting.⁷⁴ The country holding Chairmanship in rotation for a year co-ordinates all activities within the GUAM and ensures the implementation of adopted decisions.

As the financial requisite of its operation as a regional organisation, the GUAM has its own budget determined by a decision of the CMFA and implemented in accordance with the Financial Provisions of GUAM. The Member States endowed the GUAM with international legal personality as they declared it subject to international law.⁷⁵ On the ground of consensus among the Member States, the GUAM may enter into dialogue and co-operation with other states and international organizations.⁷⁶

74 Article 10, GUAM Charter

75 Article 9, GUAM Charter

76 Article 14(1), GUAM Charter

GUAM and conflict resolution

As a specific aspect of their regional co-operation, GUAM members have sought to co-ordinate national positions and initiatives with regard to the resolution of the previously violent, currently frozen separatist conflicts within their internationally recognized borders. The Azeri, Georgian, and Moldovan governments, under the threat of possible destabilisation and further losses in the event of a violent revival of confrontations in these areas, recognised the potential benefits of co-operation in this particular respect. All three of the affected countries realised that they could stand much better chances for the resolution of the conflicts in their territories through co-ordination than by seeking individual and unique approaches to the violent separatism in their territories. The co-operation of the GUAM states within regional (OSCE) and universal fora (United Nations) of multilateral security mechanisms became the officially pursued line of concerted policy with the prospect of useful application of this experience to other international organizations as well. As the tools of its implementation, the GUAM presidents expressly welcomed the adoption of their action plans for co-operation within the UN and OSCE.⁷⁷

The GUAM states agreed at the highest level to enhance interaction with a view to the intensification of the processes of conflict settlement. To that effect, they issued a joint declaration at their summit of May 2006 in Kiev⁷⁸; the GUAM presidents emphasised that the unresolved conflicts and illegal military presence on the territory of Azerbaijan, Georgia, and Moldova undermine the sovereignty, territorial integrity, and political independence of these states, impede the implementation of full-scale democratic reforms and the achievement of sustainable development, and jeopardise regional security and pan-European integration processes. They stressed the importance of consolidation of efforts of the GUAM partners with the help of the international community to settle conflicts within their borders by means of re-integration of the break-away territories.

⁷⁷ *GUAM Summit Communiqué, 23 May 2006, Kiev*

⁷⁸ *Joint Declaration of the heads of state of the Organization for democracy and economic development – GUAM on the issue of conflict settlement, 23 May 2006, Kiev*

Regional Co-operation Council (RCC)

The History, Structure, and Operation of the Regional Cooperation Council

From Stability Pact to Regional Co-operation Council

The earlier version of a regional initiative aimed at the group of states in the Western Balkans was conceived and set on course more than a decade ago. The Stability Pact for South Eastern Europe was launched in 1999 as the first comprehensive conflict prevention structure aimed as the overarching component of stabilisation and as an instrument of the creation of conditions of peace, state consolidation, and economic recovery in the region. The Stability Pact was designed to provide a framework for regional co-operation and expedite integration into European and Euro-Atlantic structures. Although only an agreement by name (a “Pact”), the initiative reached a certain level of institutionalisation with its secretariat in Brussels organised into three units each dealing with major issue areas. These were called Working Tables to indicate their functions as platforms for sustained discourse and co-ordination among the parties. Reflecting the major focal categories of shared concerns, Working Table I focused on democratisation and human rights; Working Table II was devoted to economic reconstruction, co-operation, and development matters; meanwhile Working Table III was charged with security issues.

The role of the Pact changed over time. At the beginning it served mostly as a platform to channel funds for reconstruction and to co-ordinate donor activities with their main focus on the infrastructure of regional co-operation. Later it evolved into a forum where diverse partners – countries from the region and international actors – could engage in multilateral contacts directly with one another to identify common problems and devise strategies to tackle them. Its broad mandate and strong international support enabled the Stability Pact to convince South Eastern European countries to embark on articulated regional co-operation programmes, which brought about both practical benefits and deeper political understanding. As more and more progress was achieved on the ground over the years, the political, economic, and social conditions of lasting pacification improved throughout the region. As a result of this improvement in the circumstances and context, the internationally driven process of co-operation in the Western-Balkans grew into an established practice and instrument that could be turned into a more regionally motivated framework to reflect the transformation

of the region, with the interest and capacity to maintain its own co-operative structure. This was the main underlying motive for the replacement of the Stability Pact with another organisation.

The new structure was designed around priorities defined by the region itself and was officially launched at the inaugural meeting of the Regional Co-operation Council (RCC) in Sofia on February 27, 2008. The RCC was set up with the full commitment and support of South Eastern European countries, donor countries, and several international organisations active in the region. The Regional Co-operation Council inherited the general purpose of the Stability Pact to oversee co-operation processes in South Eastern Europe and to support moves towards European and Euro-Atlantic integration of the region.⁷⁹ The transformation of the Pact into the RCC was conceived to infuse new motivation and open new prospects in many dimensions of regional co-operation. It was also expected to facilitate international support and make it more concrete by the region itself assuming more direct responsibility.

The operation and the tasks of RCC

The RCC is an operational manifestation of a broad range of collaborative activities across the region under the label of the South-East European Co-operation Process (SEECF)⁸⁰.

The RCC functions as a focal point for the set of regional co-operative relations and also serves as a forum for the continued involvement of those members of the international donor community engaged in SEE in the region.

The principal role of the RCC is to generate and co-ordinate development projects and create a political climate that could enable overall economic and social advancement in the entire region to the shared benefits of all participants generally. To that end, the work of the RCC focuses on five priority areas:

- economic and social development
- infrastructure and energy
- justice and home affairs
- security cooperation
- building human capital and parliamentary co-operation.⁸¹

Based on recommendations from the Secretary General, and in accordance with political guidelines of the SEECF Summit, the RCC can adopt these priority areas in light of progress and developments in the region. Within these domains

79 *Joint Declaration on the Establishment of the Regional Co-operation Council (RCC), 27 February 2008, Para. 1*

80 *Charter of the South-East European Co-operation Process,*

81 *Joint Declaration on the Establishment of the Regional Co-operation Council (RCC) of 27 February 2008, Para.*

of shared priorities, the general tasks of the RCC⁸² came to be defined with the aims to

- sustain focused regional cooperation in SEE through a regionally-owned and led framework
- provide political guidance to and receive substantive input from relevant task forces and initiatives active in specific thematic areas of regional co-operation
- promote European and Euro-Atlantic integration
- provide guidance to the Secretariat of the RCC and its Secretary General.

The membership of the RCC covers the participating states of the SEECP, the United Nations Interim Administration Mission in Kosovo (UNMIK) on behalf of Kosovo (in accordance with UN SC resolution 1244), the EU, as well as those donor countries, international organisations, and international financial institutions “actively and substantially engaged in support of regional co-operation in SEE”.⁸³ The overall RCC membership envelops 45 countries, organizations, and international financial institutions.⁸⁴

The organization maintains close working relations with all actors of relevance in these areas such as governments, international organizations, international financial institutions, regional organizations, various interested private business enterprises, and representatives (NGOs) of civil society.

Decisions of the RCC are taken by consensus which must be understood as the absence of objection.⁸⁵ Consequently, the acceptance of requests for membership in the RCC depends on the consent of current members.

The structures of RCC

The members of RCC are convened in two formats: the Annual Meeting and the meetings of the RCC Board, held quarterly. The Annual Meeting of the RCC is held together with the SEECP Summit and at the level of senior civil servants or above. This platform is entrusted with the task of ensuring the strategic co-ordination and development of the regional co-operation processes, the review and endorsement of the Annual Report⁸⁶ on the activities of the regional co-operation in

82 *Statute of the Regional Co-operation Council (RCC), ANNEX II to the Joint Declaration on the Establishment of the Regional Co-operation Council (RCC) of 27 February 2008, Para. 3*

83 *ibid. Para. 8*

84 *ANNEX I to the Joint Declaration on the Establishment of the Regional Co-operation Council (RCC), 27 February 2008*

85 *Statute of the Regional Co-operation Council (RCC), ANNEX II to the Joint Declaration on the Establishment of the Regional Co-operation Council (RCC) of 27 February 2008, Para. 12*

86 *Annual Report of the Secretary General of the Regional Co-operation Council on regional co-operation in South East Europe, 2008-2009*

SEE, as well as the Strategic Work Programme⁸⁷ for the following year. Both are prepared and submitted by the Secretary General. The RCC Annual Meeting is open to other countries, international organisations and partners as guests upon request to and/or at the initiative of the Secretary General, following the consent of the members of the RCC Board.⁸⁸

In between Annual Meetings of the RCC, operational guidance and supervision of the RCC is provided by the RCC Board. The Board consists of RCC members contributing to the budget (For membership of the RCC Board, a minimum contribution of 50.000 Euro to the budget of the RCC Secretariat is required.⁸⁹) of the RCC Secretariat, as well as the European Union (previously represented by the Troika of the EU Presidency, the European Commission and the Council Secretariat General). The RCC Board meets quarterly and is chaired by the Secretary General. RCC Board meetings are convened and prepared by the Secretary General. The Board accepts the Annual Report of the Secretary General and adopts the Strategic Work Programme for the following year, supports the Secretary General in its implementation, and reviews progress over the course of the year.⁹⁰

The RCC Secretariat

The RCC has a Secretariat based in Sarajevo (Bosnia and Herzegovina) headed by the Secretary General. Apart from the Sarajevo headquarters, the Secretariat has a Liaison Office in Brussels with the European and Euro-Atlantic institutions. The Secretariat provides technical, analytical, and organizational support to the RCC Secretary General and serves as a co-ordination framework for regional cooperation activities within SEE as well as an information and focal point for such activities. The staff of the Secretariat' needs to be recruited on a competitive basis in accordance with the competencies required, while taking into account gender and geographical balance, as appropriate. The working language of RCC meetings, as well as of the Secretariat, is English.⁹¹ The Secretariat of the RCC is directed by the Secretary General and supports the RCC as well as the SEECP in fulfilling

Annual Report of the Secretary General of the Regional Co-operation Council on regional co-operation in South East Europe, 2009-2010

87 *RCC Strategy and Work Programme 2011 – 2013, Sarajevo, 17 June 2010*

88 *Statute of the Regional Co-operation Council (RCC), ANNEX II to the Joint Declaration on the Establishment of the Regional Co-operation Council (RCC) of 27 February 2008, Para. 9*

89 *Footnote 2 in Statute of the Regional Co-operation Council (RCC), ANNEX II to the Joint Declaration on the Establishment of the Regional Co-operation Council (RCC) of 27 February 2008*

90 *Statute of the Regional Co-operation Council (RCC), ANNEX II to the Joint Declaration on the Establishment of the Regional Co-operation Council (RCC) of 27 February 2008, Para. 10*

91 *ibid. Para. 20, 22-24*

their tasks by working towards the preparation and implementation of decisions of the RCC Annual Meeting and Board, as well as decisions of SEECP Summits and/or Ministerial meetings.⁹²

The Secretary General of RCC

The RCC Statute envisaged the Secretary General as an active and pivotal institutional component in the operation of the organisation. The chief executive official of the RCC was expected to have strong political stature with a record of successful engagement in regional co-operation and also the ability to interact with donor states and international organisations and to work with governments in the region at the highest appropriate level. Within its mandate, the Secretary General performs its duties to

- promote and facilitate the achievement of RCC objectives
- foster regional co-operation, to follow and co-ordinate regional co-operation activities and initiatives in SEE and to support European and Euro-Atlantic integration
- chair the quarterly meetings of the RCC Board and co-chair the RCC Annual meeting with the SEECP Chairmanships in Office (CiO) Minister of Foreign Affairs
- direct the RCC Secretariat through the exercise of executive authority
- maintain close, co-operative contacts with all members and partners of the RCC, and in particular with the participating states of the SEECP, as well as with relevant regional initiatives and organisations
- provide support to the SEECP through the RCC Secretariat including the preparation of meetings and conferences
- take part in meetings of the SEECP at all levels
- submit an Annual Report on regional co-operation in SEE and an Annual Strategic Work Plan to the RCC for review and endorsement
- present the strategic aspects of this Annual Report to the SEECP Summit thus contributing to the elaboration of the political guidelines of the SEECP
- co-operate closely with all institutions of the EU and its Member States in order to support the EU integration process of SEE and to contribute to the full complement of regional co-operation activities with the EU integration process
- work closely with other international institutions, public organisations, and the private sector for the promotion of regional co-operation in SEE

92 *ibid.* Para. 19

- support the involvement of civil society actors in regional co-operation processes
- ensure that the RCC focuses on priority areas for regional co-operation
- facilitate efforts to secure funding for regional co-operation activities under the auspices of the RCC.⁹³

The general functions of RCC

The RCC carries out a number of horizontal functions in line with its operation.⁹⁴ In their implementation, it is guided by the principles of inclusion and regional ownership in line with the Statute of the RCC. These functions are:

- **The representation of the region:** Under the political guidance of SEECP, the RCC and its Secretary General represent the region in international fora and multilateral and bilateral meetings to promote the socio-economic development and European and Euro-Atlantic integration of the region.
- **Assistance to the SEECP:** The RCC develops its relationship with the SEECP, using the mechanisms provided by the SEECP Charter and the RCC Statute. The RCC Secretariat supports the SEECP in fulfilling its tasks through the preparation and implementation of decisions of SEECP Summits and/or Ministerial meetings. Annual planning meetings to co-ordinate activities are held between the RCC Secretariat and the SEECP Chairmanships in Office (CiO). Implementation is monitored through regular quarterly consultations. The RCC will provide secretarial and expert assistance to the SEECP CiO.
- **Monitoring regional activities:** The RCC, through its Secretariat, plays a key role in monitoring and reporting on the multitude of regional activities in South East Europe. To that end, it seeks information on ongoing and planned regional activities by participating, as appropriate, in meetings and events, maintaining contacts, exchanging information and, where relevant, setting up working arrangements with regional and international organisations active in the region. The RCC Secretary General's Annual Report on Regional Cooperation in South East Europe will cover all relevant regional activities in addition to those of the RCC.
- **Exerting strategic leadership in regional cooperation:** The RCC is also designed to exert leadership in the promotion of regional cooperation in South East Europe in close cooperation with other stakeholders. The added value of RCC lies in its expertise and in its capacity to provide regional perspective for a range of

93 *ibid.* Para. 13

94 *RCC Strategy and Work Programme 2011 – 2013, Sarajevo, 17 June 2010, pp. 8 - 9*

activities and also in the context of the EU integration process. It also plays an important role in the assessment of existing cooperation activities, promoting the principle of inclusiveness, identifying needs and complementarities, facilitating new activities, and improving the existing ones. The RCC also helps regional initiatives to fill the gaps and/or reduce redundancies and overlapping areas. Another avenue for useful contribution from the RCC can be found in the elaboration of solutions to possible issues arising in regional cooperation from the different status of participating states with respect to the EU.

- Providing a regional perspective in donor assistance: The RCC contributes to the determination of the implementing programmes that channel external development resources. Most importantly, EU assistance under the Instrument for Pre-Accession Assistance (IPA). The aim is to ensure that IPA priorities correspond to regional priorities, and to focus attention on the need for beneficiaries to cooperate amongst themselves and liaise with other key stakeholders and the donor community. The RCC aspires to play a similar role regarding assistance to the region from other donors.
- Support for increased involvement of civil society in regional activities: In its above functions, the RCC may perform the role of “catalyst” and “incubator” of activities, leaving project implementation to other actors. In a limited number of cases, the RCC Secretariat could participate in managing and supporting new initiatives.

Current Trends of Regional Co-operation in the Western Balkans

Developments in priority areas of regional co-operation in South East Europe within the RCC framework ⁹⁵

During the first 2 years (2008-2010) of its operation, the efforts of the RCC were focused on key priorities for further economic and social progress in South East Europe: such as

- the further promotion of democratic values and reforms
- support for the realization of the European perspective, including the consolidation of institutional dialogue with the EU
- the promotion of the region of South East Europe as a reliable partner in the international arena

⁹⁵ *Annual Report of the Secretary General of the Regional Co-operation Council on regional co-operation in South East Europe, 2009-2010*

- consolidation of the RCC's structure and role.

In view of the strong need for development and political collaboration across the region, the demand for effective regional co-operative measures underlines the increased potential utility of the RCC in nurturing existing programmes and platforms, as well as in their consolidation or expansion in areas which have had poor results up to now.

In the second year of its full operation, the RCC developed intensive communication and co-operation with different branches of national administrations of its members from SEE, regional taskforces and initiatives, EU institutions, international financial institutions and other donors, as well as with representatives of the business community, academia, and civil society in the region. It evolved into a regional overarching (umbrella) organisation to include regional stake-holders in its co-operations and co-ordinate regional interests as the main interlocutor toward external partners.

Through different regional projects and activities, the RCC has contributed to the improvement of regional co-operation in the six priority areas of its operation, opened ground for substantial strengthening of regional functional linkages, as well as bolstered security, stability, and political collaboration in the region. Important added value of these developments is an increased interest of non-Western Balkan RCC members from South East Europe (Romania and Bulgaria, for example) to become more active players with a greater role and higher impact in the project design and implementation in the scope of RCC activities.

With the substantial support of the European Commission and considerable involvement of the RCC Board members, the RCC developed its Strategy and Working Programme for 2011-2013 and also contributed to the definition of the content of the IPA Multi-beneficiary Programme for 2011-2013.

In comparison to the former Stability Pact for South Eastern Europe, the greatest incremental development has so far been achieved in the priority areas of "Building Human Capital" and "Justice and Home Affairs". The RCC was given an important role in the development of the Danube Region Strategy. Above all, the RCC initiated the Western Balkans 2020 foresight project as the umbrella framework for its most important long-term initiatives.

As a result of increased activities through the RCC, the region is even more densely covered with a network of initiatives of materializing regional co-operation. In this improved landscape, new initiatives emerged, some of them already institutionalised, while others, still developing, were at the initial stages of formation. The RCC played a role in the support for, and the promotion of their development streamlining activities and the stimulation of regional structures. The consolidation and greater efficiency of regional processes and initiatives in joint

co-operation of the RCC members from South East Europe, the EU and its institutions, relevant international organizations, international financial institutions, as well as other interested partners, lay at the core of RCC activities.

The further enhanced role and mandate of the RCC should be also taken into consideration and discussed in order to outline possible modalities for the transformation of strategic perspectives into concrete and deliverable initiatives by the Secretariat. These deliberations mainly focused on comprehensive and realistic identification of co-operation areas and initiatives of practical advantages where the RCC can offer the benefits of co-ordination as its added value at the regional level in the forthcoming period of 2011-2013, as indicated in the roadmap of its operation.¹ The aim of the RCC Strategy and the Work Programme for 2011-2013 was to outline the envisaged directions of the activities of the RCC for the coming three years in a clear and focused manner. Besides its purpose as a strategic outline, the document also sets a concrete timeframe for the realization of specific targeted activities of the RCC within the priority areas in the form of an Action Plan for the 2011-2013 period. Its strategy and roadmap for work between 2011 and 2013 provides the guidelines for the operational concept of regional undertakings through the RCC, which determine the implementation of the mandate of the RCC. It remains clear that the full implementation of this mandate and further development and strengthening of regional cooperation in South East Europe remains a task for all of the stakeholders involved in the RCC framework, and will require coherent, focused, and targeted efforts and energy.

Examples for prospects and needs for further integration within the regional framework

a) Liberalisation of trade and investment

Since its inception, the RCC has engaged with a wide network of regional structures and initiatives. Some of these structures emerged under the auspices of the former Stability Pact for South Eastern Europe, while others have been established independently as an expression of willingness of the regional actors to find solutions at a regional level for common problems. The role of the RCC in the elaboration and implementation of these initiatives and structures has been very diverse, from providing political support and expert assistance, to helping these structures achieve long-term sustainability. The improved co-ordination of the

¹ RCC Strategy and Work Programme 2011 – 2013, Sarajevo, 17 June 2010

ongoing regional initiatives and task forces represent an important contribution to more efficient and result-oriented regional co-operation.

Liberalisation of trade and investment has been considered to be a prerequisite for economic revival and development on a regional scale in SEE. The removal of impediments to trade and the creation of conditions for the free movement of capital are not only necessary to attract foreign direct investment to the region, but also indispensable for the inducement of domestic and regional investment as well.

b) Security co-operation²

The region of South East Europe has considerably improved its overall security and political stability in the past decade. Due to its specific issues, the process of multinational security co-operation is still rather fragmented at this stage and it is concentrated mainly on the activities of the acting regional initiatives and taskforces, as well as in bilateral programmes. The lack of sufficient resources for regional security co-operation activities has exerted a direct effect on the level of participation by various national security structures in regional co-operation activities, both at bilateral and multilateral levels, as well as with respect to transparency. The same holds true for some projects which have been commenced, where the sustainability of follow-up activities has been cast into doubt.

The challenges and the current status of affairs in regional co-operation in the security sector indicate that it is determined by a variety of considerations and preferences as politically driven, European and Euro-Atlantic integration motivated, or thematically focused. The regional priorities of the participating countries range between concentration on bilateral co-ordination and active participation in multilateral co-operation. The role and the value added of the RCC in regional security cooperation aims to maintain and enhance confidence among the regional participants through various measures which encompass

- the establishment of a sustainable, integrated, and transparent regionally-owned cooperation mechanism among governmental security sectors
- the preservation and streamlining of the effective and value added regional task forces and initiatives that prove their capabilities to deliver tangible results
- the initiation of new initiatives with lost costs and high impact on mutual transparency.

² *Annual Report of the Secretary General of the Regional Co-operation Council on regional co-operation in South East Europe, 2009-2010, pp. 33-36*

The RCC has initiated and developed various, more specific, and sectoral regional mechanisms for co-operation, such as the South East European Defence Policy Directors Forum, the South East European Defence Intelligence Forum, and the Regional Registry of NGOs working in the security domain. The regional dialogue and co-operation mechanisms could still be enhanced. The RCC Secretariat addresses the need for a more coherent and consolidated regional approach by taking into account programmes, plans, and the availability of different participants, mainly in the Western Balkans. In this respect, the RCC functions as the regional platform for direct support to bilateral and multilateral co-operation initiatives.

INTERGOVERNMENTAL COOPERATION AND REGIONAL SECURITY

Introduction

This study provides a comprehensive overview of broad foreign policy and security policy aspects of the Visegrad cooperation. The wider objective is to map out the possibilities of using V4 experiences in the Western-Balkans and in the GUAM region.

This paper comprises seven main chapters. The first two chapters address historical background, from the beginning of the Visegrad cooperation to the Euro-Atlantic integration of the V4 states. The third chapter deals with the Visegrad policies towards Eastern and South-Eastern Europe, both within the framework of the EU and also as the policies of individual countries. Of course, when discussing Eastern-Europe, the so-called 'Russian factor' cannot be ignored, therefore the relationships of the V4 countries with Russia are also integrated to the third chapter.

The fourth chapter is devoted to the global security challenges that the Visegrad, GUAM, and Western Balkan countries have to face. The main topics are the proliferation of WMDs, organized crime, terrorism, and energy security. As particular challenges affect the studied regions differently, these variations are also taken into account.

The fifth chapter addresses regional security projects, both successes and failures, in Visegrad countries, in the GUAM, and in the Western-Balkan region. When handling this topic, the history of the region obviously has to be taken into account, especially that of the Visegrad region. Following the post-Cold War transition, EU and NATO integration into Visegrad was far from being the only option, and the alternatives, such as neutrality, and the so-called "NATO-bis" plan, etc.- will also be studied. From this point of view, the GUAM region is considerably less complicated, as the still over-whelming influence of Russia sets the general outlines for regional security, especially in terms of defense. On the other hand, the Western-Balkan region is much more complex, due to its fragmented nature in terms of ethnicity, religion, statehood, etc. At the end of this chapter, the cross-regional opportunities have been briefly overviewed.

The final two chapters deal with the concrete possibilities of using the V4 experience in the Western-Balkan and GUAM regions in four particular policy areas where Visegrad know-how could be of good use. These are: 1. trust-building in foreign, security and defense policy, 2. supporting Euro-Atlantic integration efforts, 3. cooperation in science and education, and 4. energy security. Each area is studied in separate sub-chapters.

The historical background of the Visegrad Cooperation in the field of security

The origins of the Visegrad cooperation date back to as early as 1335, when the King of Hungary, Charles Robert of Anjou, John of Luxemburg, the King of the Czech Kingdom, and Kazimir III of Piast, King of Poland, met in Visegrad in order to settle a dynastic Polish-Czech conflict with the mediation of the Hungarian king. When they met, they also signed an important trade agreement in order to counter the overwhelming economic influence of Vienna over long-distance trade routes.

Of course, efforts to connect the 1335 royal meeting with the Visegrad cooperation of today may have only symbolic significance. However, from the historical perspective, the nations of the Visegrad region have had to face the same geopolitical threats for centuries: first the Mongol invasion in the 13th century, then the Ottoman expansion from the South, the Russian Empire from the East, and German imperial ambitions from the West. Though state frameworks and borders have changed multiple times in the last two centuries, the nations of the region share certain historical memories of fighting the same threats side by side – though not always successfully, one has to add.

One has also to remember that, during the second half of the 19th century, the existing multi-ethnic, multi-lingual, and multi-faith empires strongly restricted – and sometimes suppressed – the national awakening of their ethnic minority groups. This generated several conflicts in the Austro-Hungarian Monarchy, but also in the German and Russian Empires. Following the First World War, the Austro-Hungarian Monarchy was dissolved, and the Russian Empire was transformed into the Soviet Union, wherein it lost its Central-European territories. As a result, the statehood of Poland was restored and, also, a new state, Czechoslovakia appeared on the map of Central-Europe. The birth of new nation states

resulted in increased ethnic tensions, which, to a certain extent, still affect these states' relationships to each other.

In the second half of the 20th century, all of the Central-European states fell victim first to Nazi Germany and then to the Soviet Union. Though the subjugation processes were different in their timing and details, in their results they were similar. The national independence of the Central-European states only began to be restored fully after 1989.

When it was formed in 1991, the Visegrad Group had three key objectives:

- to sweep out the remnants of the Communist Bloc in Central Europe
- to overcome the historical conflicts and animosities between Central European countries via close political cooperation.
- to make joint steps in order to support economic transformation in the Visegrad countries and to support each other during Euro-Atlantic integration.

The ruling political elites of the transition era shared many values, ideas and experiences, which also helped them to cooperate.³

The challenges of Euro-Atlantic integration

On the path to Euro-Atlantic integration, all four Visegrad countries faced basically the same problems; however, their starting points were rather different.

NATO accession

As a starting point, one should be aware that, following the end of the Cold War, in Central-Europe there were many security policy options, of which NATO integration was only one. Additionally, NATO integration was not on the agenda of any democratic political forces that took part in the systemic change.⁴ Moreover, the Soviet Union (later, Russia) was also strongly opposed to the NATO-approximation of her former satellite countries.

In general, the Czech Republic, Poland, and Hungary faced similar challenges, as did Slovakia, though with a considerable delay, due to the East-oriented foreign policy of the Meciar-era.

First and foremost, the Soviet forces stationed in the V4 countries had to be withdrawn. This was an obvious pre-requisite for regaining national sovereignty in terms of security and defense policy. The withdrawal of the former Red Army

³ <http://www.visegradgroup.eu/main.php?folderID=938>

⁴ Asmus, pp. 37.

from the region only concluded in 1994, though the former Soviet defense policy framework, the Warsaw Pact, had ceased to exist in mid-1991.

Even though the foreign forces left the V4 countries, their newly-minted political leadership had to face this challenge: they inherited huge, largely conscript armies with almost exclusively Communist-oriented, Soviet-minded and trained military leaders, the political loyalty of whom was at least questionable. Though, in the end, the armed forces did not intervene directly into transition politics at all, their informal influence and control over immense economic resources had to be addressed by the new, democratic governments. The costs of operating or even of maintaining these huge armed forces far exceeded the economic capabilities and willingness of the new regimes. Additionally, the entire structure of these forces reflected the pre-1989 mind set. These were large, conscription-based armies, designed for offensive warfare in the Warsaw Pact framework, and they were not needed any more with the changing security conditions of the post-Cold War era. All in all, serious defense reductions and reforms were hugely necessary in all four countries.

According to Ronald D. Asmus, in 1991 two events occurred that definitively started to turn the hesitating Central-European governments towards closer cooperation with NATO. The first was the Yugoslav civil war, which demonstrated that the danger of violent ethnic conflicts was far from being over. The need for credible security guarantees became obvious, and neither the CSCE, the EU, or the WEU could provide such guarantees. The second event was the failed orthodox Communist coup d'état in Moscow in August 1991. Although the coup failed, it clearly demonstrated how fragile the Russian transition and stability was – and this further strengthened the need for functional security and defense guarantees. The Central-European states had to realize that they lacked any such guarantees, and having only 'strong ties' to NATO would not be enough in the worst-case scenario: membership was needed. The dissolution of the Soviet Union, of course widened their freedom of movement. Thus by the end of 1992, the Polish, Czech, and Hungarian national security strategies all officially declared that NATO-accession was a clear priority for these states.⁵

The situation gradually changed in 1992-1993. The Clinton-administration was much more receptive to the Central-European goals of accession, though, of course, not independently of the decreasing Russian resistance. With the rising Russian domestic political crisis, namely the open conflict of the President and the State Duma, Yeltsin was in need of foreign policy successes with Western-

⁵ Asmus pp. 47-49.

Europe in order to demonstrate his reformist commitments both at home and abroad. Thus, in August 1993, Russian President Boris Yeltsin signed declarations both with Polish President Wałęsa and Czech President Havel in which he declared that Russia was not opposed to the long-term NATO accession of Poland and the Czech Republic, respectively.

However, of course, the most important factor was the change of the American attitude. In 1993 the Clinton-administration decided in favor of NATO-enlargement to include the Visegrad countries. Thus, in January 1994 the NATO Summit in Brussels declared that the Alliance was open for further European countries that were able to support the principles of the Washington Treaty and contribute to the security of the North-Atlantic region. As a concrete step, in 1994 NATO started the Partnership for Peace (PfP) program that provided a much closer framework for cooperation than the NACC had been.

Within the framework of the PfP program Hungary, the Czech Republic, and Poland received decisive technical support for conducting the necessary defense reforms. The most important components were: the elaboration of functioning mechanisms for civilian control over the armed forces; including the establishment of integrated ministries of defense; conducting the structural and personnel transformation of the national armed forces.

At the Madrid Summit, held in July of 1997, three Central-European countries: Poland, Hungary, and the Czech Republic were invited to begin accession negotiations. The negotiations were conducted that autumn. Thus, in December 1997, the Protocol on Polish, Czech, and Hungarian NATO accession was signed by the NATO ministers of foreign affairs. In 1998 ratification processes were conducted in all NATO member countries as well as in the three joining. Finally on March 12, 1999 Poland, the Czech Republic, and Hungary joined NATO.

The case of Slovakia was slightly different, due to its less pro-Western foreign policy during the Meciar-era. Though Slovakia was among the first to join the PfP, its co-operation was rather moderate with NATO, and was limited mostly to technical and organizational issues, while less attention was paid to political matters. The change began in 1998, when the government of Mikulas Dzurinda came to power in Bratislava. The new Slovak leadership re-oriented the country toward the West, and Slovakia joined the NATO Membership Action Plan (MAP) launched in 1999 and started to actively push for its EU and NATO-integration. In these processes Bratislava could count on the active support of the other three Visegrad countries, because getting Slovakia on board was obviously of both political interest and in the interest of security. At the November 2002 Prague Summit Bratislava was invited to join the Alliance. The accession protocol with Slovakia was signed on March 26, 2003, and finally the country became a NATO

member on the 29th of March, 2004, together with Slovenia, Romania, Bulgaria, and the three Baltic states.

EU integration

The Visegrad countries had made their first official contacts with the European Communities already before the fall of the Iron Curtain. In late June of 1988 the Soviet leader Mikhail Gorbachev gave his famous speech in which he declared that the Soviet Union was no longer opposed to the establishment of political contact between countries of the COMECON and the European Communities. This was followed by a joint COMECON-EC declaration on cooperation in July. There was rapid reaction in Hungary, and in September 1988 a trade agreement on commerce and economic cooperation had already been signed with the European Economic Community. Warsaw followed a year later. Their motivations were obvious: intensification of economic cooperation with the West was inevitable for the sustainability of their economies, and such contacts also proved helpful in fostering the transition processes. These Trade and Cooperation agreements were the first formalized relations between the EC and countries of Central-Europe.

The next important step was the launch of the so-called PHARE (Poland, Hungary: Assistance for Restructuring their Economies) programme in by the EC, following a G7 request. From 1990 on, all other Central-European countries joined the programme.

The Accession Agreements with the EC were signed after the democratic transition, in December 1991, by Poland, Hungary, and also Czechoslovakia. However, the ratification processes were time-consuming, thus these agreements – under their better known names: the Europe Agreements – came into force only in February 1994, and then only with Poland and Hungary. The newly independent Czech Republic and Slovakia, together with Romania, Bulgaria, and the Baltic States joined in 1995. By signing the association agreements, all of the Visegrad states declared that they were striving for full membership, and would not stop at ‘associate member’ status. The EU did not react on their intentions at this point, thus the official text only recognizes the V4 countries accession intentions.

Actually this is perhaps the most important difference between the NATO and EU accessions of the Visegrad countries: the will to join the European Communities was already present from the very beginning, even during the transition period. There was not such a lengthy intermediate phase, with many alternative

options, as there was in the field of security policy. EC/EU accession was a political priority from the very moment national sovereignties were regained.

Accession criteria were set at the Copenhagen EU Summit in June of 1993. According to the decision, the three main tasks to achieve were: 1. establishment of stable, functioning democratic institutions, rule of law, respect for human rights, etc. (political criteria); 2. a market economy, functioning banking system, etc, as the countries had to be able to stand the competition of the EU market (economic criteria); 3. adoption of the *acquis communautaire*, in order to fulfill the duties originating from the membership (legal and institutional criteria). In addition to these criteria, in Copenhagen decision-makers also added readiness of the Union for enlargement as an additional prerequisite.

In the EU there was a main conceptual question to decide, namely the pace of enlargement. Altogether 12 countries had voiced their intentions to join the EU, namely Estonia, Latvia, Lithuania, Poland, the Czech Republic, Slovakia, Hungary, Slovenia, Romania, Bulgaria, Cyprus, and Malta. However, there were numerous differences between them, concerning their levels of development, economic power, institutional setups, etc. Some countries supported a differentiated approach, according to which negotiations would have started only with the six most prepared countries, thus with Estonia, Poland, the Czech Republic, Hungary, Slovenia, and Cyprus, while the other six would have been left for the second round. The other option was the so-called “regatta model”, according to which negotiations would have started with all twelve countries, and they would proceed according to their individual performance. A compromise was reached in Luxembourg at the December 1997 summit: the enlargement process was started with all 12 countries, but concrete negotiations began only with the six best-prepared ones. Thus, finally, accession negotiations were launched in March 1998 with three of the four Visegrad states, while Slovakia was left for the second round.⁶ Negotiations were started with the second six states in 1999, at the Helsinki summit. In Helsinki the EU also decided to finish the accession negotiations by the end of 2002 at latest.

However, in the early 2000s negotiations with the first six countries slowed down, partly because of problems around the Treaty of Nice, and partly because the most complicated questions were left for the end of the negotiations. On the other hand, the countries of the Helsinki group advanced rather quickly, with the exception of Romania and Bulgaria. Thus, in December 2001, at the Laeken Summit, the EU decided in favor of a “big bang” enlargement, in favor of ten

⁶ On the reasons and background of this decision, see: <http://www.sussex.ac.uk/sei/documents/epernbrefsllovak.pdf>

countries of the twelve, including all four Visegrad states. Accession negotiations were finished on 12-13 December, at the Copenhagen Summit, where the EU set a concrete date for the enlargement: May 1, 2004.

After the positive outcome, there were no other obstacles in front of the EU accession, thus, by the 1st of May, 2004 all four Visegrad countries joined the EU, together with the three Baltic states, Slovenia, Malta, and Cyprus. At this point, the original objective of the Visegrad cooperation was fulfilled, as all four countries had entered both NATO and the EU.

V4 policies towards Eastern and South-eastern neighbors

The Visegrad Group in general has shared a pro-enlargement stance since their accession to the EU. Hungary and Slovakia devote most attention to the Western Balkans, while Poland tends to focus on the Eastern Neighborhood, primarily on the Ukraine and Belarus. The Czech Republic displays similar interest towards both regions, and thus occupies the middle ground, yet it is usually less engaged than its Visegrad counterparts. However, the Visegrad states on the whole manage to demonstrate a balanced approach despite their somewhat diverging foreign policy priorities as they grant mutual backing for each others' special agendas.

Though all four states are generally in favor of enlargement, in practice the main division within the EU between devoted supporters of Euro-Atlantic enlargement to the Western Balkans and the so-called "laggards", trying to step on the brakes, does not sit on the frontiers of the Visegrad group. Supporters of the Western Balkans often manage to influence EU policies while acting together, yet such alliances have not been confined to the Visegrad Group. Some of the most committed allies of the Western Balkans, such as Slovenia and Austria, fall outside of the Visegrad Group, while among the V4 Slovakia and Hungary are strong backers. Although the Czech Republic and Poland also tend to back initiatives targeting the Western Balkans, they are hardly a leading force, and push much less than Slovenia or Austria. The Czech Republic is usually a quiet supporter and is hardly ever at the forefront of such endeavors, though it can be also counted on as a reliable partner when it comes to initiatives related to the Western Balkans. By contrast, Poland's approach is often marked by a slight uneasiness driven by the fear that focusing too much on the Western Balkans could divert attention away from the Eastern Partnership. Poland's political leaders often treat the two issue areas as competing policy agendas, which is why Poland comes across as a

reluctant and rather passive advocate of the Western Balkan states' Euro-Atlantic integration process.

The Visegrad states have less leverage when it comes to the so-called 'high policy questions', such as the constitutional deadlock of Bosnia, the Macedonian name dispute, or the frozen conflict in North Kosovo, where the large (and long-standing) EU member states, together with the United States, dictate the agenda. This also means that it is fairly difficult for the Visegrad countries to make their voices heard concerning these issues. Although Slovakia and the Czech Republic managed to delegate a few politicians to high positions in some of the EU's Balkan missions, they implemented rather than designed EU policy during their terms. At the same time, the Visegrad Group's value added has been at a lower policy level where their engagement is expected and appreciated by the long-standing EU member states, and where they have been able to shape the EU's Western Balkan policy.

Altogether, the Visegrad countries' contribution to the EU's Balkan policy is twofold: on one hand, they keep enlargement on the EU's agenda and make sure that the process is moving forward, while on the other hand they provide practical assistance to the candidates and accession countries to prepare them for EU and NATO membership.

Towards Eastern Partnership countries

The Eastern policies of the Visegrad states have been thoroughly analyzed in a recent publication of the Centre for EU Enlargement Studies of the Central European University, titled: *The Eastern Partnership in the Context of the European Neighbourhood Policy and V4 Agenda*, edited by Izabela Albrycht, published in 2010.⁷ Here we intend to provide only a summary, focusing on the main priorities and institutional backgrounds.

⁷ Available: http://3csep.ceu.hu/sites/default/files/publications/the-publication_0.pdf

The Czech Republic

Czech foreign policy has traditionally been oriented towards Eastern Europe. However, Russia was practically off the scope in the 1990s, until Putin came to power. The re-emergence of Russia as an important player in Central Europe made Czech diplomats rethink their earlier system of priorities and once again pay more attention to Eastern Europe. The August 2008 war in Georgia was another factor that increased the need in the Czech Republic for a more effective EU Eastern policy. Thus Czech Republic has been fully supportive to the elaboration of the Eastern Partnership project and made it to one of the top priorities of the Czech EU presidency. The Eastern Partnership initiative was launched in May 2009 in Prague.

Czech Eastern policy has traditionally had a very strong focus on human rights and fundamental freedoms. Democratization is among the key priorities of Czech diplomacy regarding the Eastern neighbourhood. In the Czerny Palace, the Czech Foreign Ministry, there is a separate department for coordinating democratization efforts.⁸ Prague's diplomats are not afraid of frequently criticizing Eastern partners, including Russia, over democratic and human rights violations. The institutionalized partnership between the Czech Republic and GUAM is aimed mostly on democratization objectives. The Czech Republic was in favor of getting Belarus included in the Eastern Partnership, but only following widespread democratic reforms.⁹

Concerning the institutional background of Czech Eastern policy, the Czech Republic has embassies in five Eastern Partnership countries, with the exception of Armenia. Additionally, Prague maintains two consulate generals in Ukraine; one in Lviv and one in Donetsk. The latter is mostly operated in order to support business and tourism connections with Eastern-Ukraine. In addition to these, there is also a Czech Center, a cultural institute, operating in Kyiv. The Czech Republic has a number of well-known NGO-s operating in the Eastern neighborhood, among other regions. The Association for International Affairs conducts research and organizes numerous conferences and trainings. The Civic Belarus organization focuses on civil society support in Belarus. The Czech NGO The People in Need is focused on human rights issues all over the globe, including the Eastern Partnership region. Research is provided by 3-4 internationally known, influential think-tanks in the country, including the Institute of International

8 Albrycht, pp. 6.

9 <http://www.visegrad.info/enp---eastern-dimension/factsheet/neighbours-of-visegrad-and-eu-eastern-partnership-.html>

Relations Prague, the Europeum, the Prague Security Studies Institute, etc. A particular feature of Czech foreign policy is the established and well-functioning coordination between governmental and non-governmental foreign policy actors.

Hungary

Hungarian foreign policy traditionally has had two main strategic directions, the Balkans and Eastern-Europe. In both directions, Hungary is interested in strengthening the stability and statehood of the neighboring countries, putting special emphasis on democratic values, human rights, and market economy principles. Supporting the Euro-Atlantic integration effort of the neighboring countries is also a priority, as having a safe and stable neighborhood is of key importance for Budapest.

However, it is important to be aware that the Eastern dimension is limited by a number of factors. First and foremost, Hungary always – though not openly – has handled her Eastern policy giving priority to Hungarian-Russian relations. This, of course, does not mean direct subordination of her non-Russian Eastern neighbours, but in Budapest Russian reactions have traditionally been taken into account while planning Hungarian foreign policy moves in the Eastern neighborhood. This undeclared ‘Russia first’ approach is primarily justified by Hungary’s critical dependence on Russian energy supplies, a fact that is not going to change significantly in the next 5-10 years. Second, Russia is a key foreign trade partner of Hungary and Budapest desperately needs this income, especially in the circumstances of the current economic crisis. Third, Russian companies have acquired important positions in the Hungarian economy, particularly in the MOL Hungarian Oil and Gas Company, in the MALEV Hungarian National Airlines, etc. Russian business presence is strong in Hungary. Fourth, one cannot avoid saying that certain private economic interests also play a role in shaping Hungarian-Russian relations.

Besides the ‘Russia first’ factor, the lack of resources and infrastructure are also hampering factors. Of the six Eastern Partnership countries, Hungary has embassies only in five (in Armenia there is no Hungarian embassy), and the ones in Georgia and Azerbaijan were opened only recently and operate with very little staff. The embassy in Minsk is also a relatively new one. Besides the embassies, Budapest operates only two consulates, both in the Zakarpattya region of Ukraine: one in Mukachevo and one in Beregovo. Ukraine is the only country in the Eastern neighborhood where there is a considerable number of ethnically

Hungarian people living: approximately 150.000 Hungarians live in the above mentioned Zakarpattya region.

Of the six Eastern Partnership countries, the South-Caucasus countries are simply 'too far away' from Budapest: Hungary has very limited historical, political, cultural, or economic ties with them. Thus Hungarian Eastern policy is focused mostly on the three states of the Western-CIS region: Belarus, Ukraine, and Moldova. Belarus is also quite far in terms of culture and common history. With Ukraine, the difference in size really does matter, as does the strong Russian influence in the country, and the above mentioned unofficial 'Russia first' attitude of Budapest. Besides, the minority question also plays an important role in Hungarian-Ukrainian relations.

In reality, the Republic of Moldova is the only country in the Eastern neighborhood, where Hungarian foreign policy has already had spectacular successes, and has the potential of achieving further ones. Hungary and Moldova have strong political ties, dating back to the Soviet times. This is particularly because relying on Hungary has always been an attractive option for Moldovan politicians, who want to have an alternative EU-partner to Romania. In the late 2000s both the commander of the EUBAM mission and the EU Special Representative of Moldova were Hungarians, the first Common Application Center for issuing EU-visas was operated by the Hungarian embassy in Chisinau, there was a Hungarian top level advisor working with the presidency staff of Vladimir Voronin, Hungary provided lots of trainings and technical assistance for Moldovan administrative reforms, etc. The new Moldovan government of the Alliance for European Integration is also closely cooperating with Budapest. An interesting fact is that the Minister of Foreign Affairs, Iurie Leanca, is a fluent Hungarian-speaker: he learned the language during his university years in Moscow at the Moscow State Institute of International Relations. In addition to its relationship with Moldova, Hungary seeks active cooperation and partnership with Azerbaijan, based mostly on energy security considerations, of course.

In its institutional background, Hungary lacks a developed network of NGOs that could work in the Eastern neighborhood. The most active one (and practically the only one) is the International Centre for Democratic Transition (ICDT). Aside from the ICDT, only a limited scope of technical and humanitarian assistance is being conducted by NGOs, focused mostly on the Zakarpattya regions of Ukraine. In the scientific sphere both the number of personnel specializing in Eastern Europe and inter-institutional contacts are very small. However, even these limited resources could be used in a much more effective way provided that there would be at least some coordination between the various governmental and

non-governmental actors. Unfortunately such co-ordination is practically non-existent, unlike, for example, in the Czech Republic or Poland.

Poland, historically, has paid special attention and felt particular responsibility towards the countries of Eastern Europe. This commitment originated in the middle Ages, from the time of the Polish-Lithuanian Grand Duchy, and has been more or less constantly present since then. The tendency was obviously strengthened by the border changes following the Second World War. The Polish minorities currently living in Ukraine, Belarus, Lithuania, Georgia and - since the deportations of the Stalinist era, Kazakhstan - further increase the level of commitment towards the whole region. So do traditional anti-Russian sentiments of Polish foreign policy, well-grounded in the history of the Polish-Russian relations.

Generally characterizing Polish Eastern policy, one could say that Poland is strongly interested in strengthening the statehood and sovereignty of the post-Soviet countries that became independent after the dissolution of the Soviet Union. Democratic developments, market economy, rule of law, and respect for human rights (including, of course, minority rights) are the key values to be strengthened in the neighbourhood.

However, it is important to note that the actual priorities and amount of resources dedicated to the Polish Eastern policy vary greatly, depending on the actual government in power. For example, the previous Kaczynski-government put great emphasis on strengthening democracy and supporting anti-Russian political forces in the region. The Tusk-government is much more pragmatic, both in its relations with Russia and with the countries of the post-Soviet region.

Besides supporting certain political values, fostering economic contacts is also high on the Polish Eastern-agenda. Of the six countries of the Eastern neighborhood, Polish political, cultural, and business influence is the strongest in Ukraine, due to both historical and current political reasons.

Poland dedicates special attention to the Eastern dimension of the European Neighborhood Policy and particularly to the Eastern Partnership (EaP), which originated from a Polish-Swedish initiative. The Polish EU-presidency in the second half of 2011 will be a decisive moment in Polish Eastern policy: ministerial summits of the EaP are going to take place in Poland and the third Civil Society Forum will also be organized there. As it turned out the Eastern Partnership Summit was even postponed, and instead of in Hungary, it will take place in Poland.

The prioritized position of Eastern Europe is well reflected in the strong institutional background of Warsaw's Eastern policy, both at home and abroad. Poland maintains embassies in all six EaP countries, in addition to a number of consulates in Ukraine, Belarus, and Russia. Poland has special, institutionalized relations with the GUAM; in 2007-2008 there were a set of bilateral meetings

between them.¹⁰ In another post-Soviet integration group, the Community of Democratic Choice, Polish participation has also been of key importance. Besides traditional diplomacy, Poland is remarkably strong in the Eastern neighborhood in terms of cultural ties, research and education links, scientific contacts, etc. In Poland, there is a large, state-operated think tank, the Centre for Eastern Studies¹¹, that is specialized mostly in the political, security, and economic developments of the countries of the former Soviet Union, and, to a lesser extent, Central Europe. In addition to the OSW, there are also other scientific centers that deal with issues related to Eastern-Europe; for example the Polish Institute of International Affairs, the Institute of Eastern Studies Foundation that organizes a regular, large scale, scientific Economic Forum in Krynica-Zdrój, smaller Europe-Russia forums, etc. In addition to institutions with a scientific background, Polish Eastern policy may also rely on a well-developed network of NGOs that are highly active in Ukraine and Belarus, and are also visible in Moldova and countries of the South-Caucasus (primarily in Georgia.)

All in all, one can state that the Eastern Policy of Poland is definitely the strongest and most visible of the V4. Besides pursuing her goals on bilateral bases, Warsaw is also very active in shaping EU policies towards Eastern Europe. Poland's well-developed institutional background and strong local presence in the region is a necessary precondition for success, but, of course, alone cannot guarantee it.

Slovakia

Following the EU accession in 2004, Slovak foreign policy kept stressing its support for stability in the neighborhood and for a more ambitious European foreign policy towards the Eastern neighbors. However, Bratislava is well aware of the Russian concerns regarding the Eastern policy of the EU, and especially the Eastern Partnership. Slovakia is committed to work against such stereotypes and change the confrontational logic.

Slovakia welcomed the launch of the Eastern Partnership and also the inclusion of Belarus. Slovak diplomats stressed many times that they would be against any isolation of Belarus. For Slovak foreign policy, both democratization and the strengthening of economic ties are important in Belarus. In the Eastern Partner-

¹⁰ http://guam-organization.org/guam_and_poland

¹¹ www.osw.waw.pl

ship, clearly Ukraine is the most important country for Slovakia, due to its proximity and to the Slovak minority living there. In 2008 Bratislava adopted a law on close-border movement that permitted Ukrainian citizens living closer than 50 kilometers to the border to travel to Slovakia without a visa.

The Slovak Republic is the smallest of the V4 by population, thus it is not surprising that the network of Slovak diplomatic representation is not large outside the European Union. In the Eastern Neighborhood area, Slovakia has embassies only in Belarus and Ukraine. In addition to these, Slovakia has a consulate general in Uzhgorod, Ukraine. The existence of this is justified mostly by the already mentioned Slovak minority living in the Zakarpattya region of Ukraine. Perhaps the most well-known Slovak NGO operating in the Eastern neighborhood is the Pontis Foundation. Professional scientific coverage of the region is provided by the Research Center of the Slovak Foreign Policy Association.

Shaping EU Policy

The four Visegrad states have the best chance of influencing EU policy-making when they co-ordinate their national foreign policies. This has been done since the very beginning of the Visegrad cooperation: First, they worked together in order to support each other's Euro-Atlantic integration efforts. Their second shared objective was the inclusion of Slovakia. Since the 2004 EU accession, Visegrad countries have been very active regarding EU policy towards Eastern Europe by gathering support for the Europeanization processes of the post-Soviet region, from Georgia to Belarus. The logic behind this is easy to understand: Visegrad countries, when they stand alone, have only limited resources to rely on for their foreign policies towards Eastern Europe. On the other hand, they are the most affected by the security, stability, and economic problems of the region, as they are direct neighbors.

Since their EU accession, the V4 countries have been in favor of a stronger Eastern dimension for the European Neighborhood Policy. Thus the Eastern Partnership initiative itself met the wide support of the Visegrad countries during its preparation and launch period. The EaP was a priority project of the Czech EU Presidency in 2009, and is also very high on both the Hungarian and Polish presidential agendas.

The Visegrad countries have consistently pushed for visa liberalization measures – and in the long run, visa free regimes – for the Eastern neighborhood. The lobbying of the Visegrad countries has played an important role in speeding up

visa liberalization processes in particularly in Moldova, and also in Ukraine, Georgia, and Armenia.

Regional energy security is another relevant issue. In the spring of 2009 a large Visegrad Energy Summit was held in Budapest in order to support the Nabucco initiative. Currently the main objective is to get from the EU both political and financial support for building the interconnections that would link together the gas transportation systems of Central Europe, including those of the Visegrad region.

The Visegrad engagement in the Eastern Partnership region

Besides individual country approaches and efforts to shape EU policy, the four Visegrad states coordinate their foreign policies towards Eastern-Europe on many issues. Such topics are related to the support for free and fair elections, human rights, democratic reforms in the Eastern neighborhood, etc. The 'classic' foreign policy tools for this are the coordinated declarations of prime ministers, foreign ministers, and other political figures. For example, on March 2, 2010 the Visegrad foreign ministers dedicated their meeting to the Eastern Partnership. In their joint statement they declared their support for the initiative, including such concrete details as „enhancing the availability of funding from EIB, EBRD, the World Bank, and other international financial institutions to Eastern Partnership projects and initiatives.”¹²

The Eastern partnership is always mentioned among the priorities of the annually rotating Visegrad presidencies, though, of course, to a varying extent. The current Slovak Visegrad Presidency is pushing for an integrated approach in supporting the Euro-Atlantic integration of the Western-Balkans and Eastern Partnership countries “by using the mechanisms and instruments of the IVF and EU”¹³ Regarding the concrete support given to the Eastern Partnership countries, the program emphasizes among other things the importance of visa facilitation, pushes for organizing a V4-Eastern Partnership Foreign Ministers Meeting, and for reforming the external mandates of the European Investment Bank in order

¹² http://www.kulugyminiszterium.hu/NR/rdonlyres/3F2BFC13-FFFA-4881-927E-717CD503848F/0/V4_Joint_Statement_final.pdf

¹³ http://www.kulugyminiszterium.hu/NR/rdonlyres/AF745FE1-E44D-475C-8AD8-3ECD4C970C3A/0/100609_priloha_1a_final_text_of_the_program_V4_Slovak_Presidency_EN.pdf pp. 2.

to achieve more balance between funding given to eastern and southern countries.¹⁴

The Visegrad cooperation as an institutional framework is also engaged in the Eastern neighborhood, through the International Visegrad Fund (IVF). The IVF has an annual budget of 6 million euros, donated equally by the four member states. From the money, the Bratislava-centered fund runs various scholarship and grant programs. The scholarship program has an annual budget of 1 471 000 EUR,¹⁵ there is a separate scholarship framework designed for Ukrainian students, and another for Belarusian students and researchers. Among the grant program winners, there were also several applicants from the Eastern neighborhood countries.

Towards candidate and accession countries in the Western Balkans

Hungary

Although Hungary has hardly been able to shape “high politics” in the Balkans, its role as an outspoken force for further enlargement proved to be decisive at critical moments within the EU’s institutions. Moreover, Hungary provided practical assistance to the Western Balkan states in several areas, helping them to prepare for their NATO and EU membership. Specifically, Hungary granted mentoring services to Croatia and Montenegro during their NATO accession process. More than a year ago Hungary completed its mission in Croatia, and recently started a similar program in Montenegro, while its diplomatic representation in Podgorica was upgraded to a NATO contact point. Hungary will also assist Serbia in improving its military capabilities. As a NATO and EU member, Hungary has also contributed to various missions in Bosnia, Macedonia, Albania, and Kosovo.

Hungary’s engagement in the Western Balkans has been meaningful, even if it has been a subtle involvement. The fact that three states from the region were among the five biggest beneficiaries of Hungarian development assistance in 2008 also demonstrates the importance of the Western Balkans from a Hungarian foreign policy perspective: Kosovo received 1.24m EUR, Serbia 1.22m EUR,

¹⁴ Ibid. pp. 6-7.

¹⁵ <http://visegradfund.org/about/basic-facts/>

and Montenegro 1.07m EUR.¹⁶ Judging by the intensity of relations, Croatia and Serbia are the most important countries for Hungary. The other states enjoy less attention; for instance a Hungarian Prime Minister visited Bosnia and Herzegovina in November 2006 for the first time since 1918.¹⁷

In 1999 Hungary launched the Szeged Process within the framework of the Stability Pact, which was its first initiative targeting South East Europe, and which was meant to support democratic forces in Milošević's Yugoslavia. In 2004 the program was slightly redesigned and, subsequently, its main goal became assisting the respective countries in their European integration process. Within this framework, the Opportunity for Stability Public Foundation distributes MFA funds to NGOs for community development and intercultural communication in the region, especially Serbia. In addition, at Hungary's initiative, the Budapest Forum was launched as another pillar of the Szeged process, with the goal of sharing experiences with EU accession with the Balkan countries.

It should be stressed that economic engagement has become the strongest and the fastest growing dimension of Hungary's involvement in the Western Balkans. While trade used to dominate bilateral economic relations characterized by a constant positive Hungarian trade balance, in the last few years Hungarian investors, mostly motivated by new market opportunities, have also stepped up their activities in South East Europe. The Western Balkans attracted the majority of Hungarian capital exports; as a result Hungarian capital expansion since 2000 has been to a large extent due to growing investments in the Western Balkan countries. In Montenegro, Hungary is the single biggest investor, where OTP Bank and Magyar Telecom carried out the largest investments. In Macedonia, Hungary ranked as the second biggest investor owing to Magyar Telecom's acquisition of the Macedonian telecommunication company, Maktel. Hungary has a significant economic presence in Croatia as well, being the fourth biggest investor there, which is mostly the result of MOL's acquisition of INA shares in 2008. Owing to this deal, the stock value of Hungarian investment reached 2,1 billion EUR in Croatia. Energy cooperation has also become an important aspect of Hungarian-Croatian relations, which serves as a means for Hungary to lessen its vulnerability vis-à-vis Russia. Hungary and Croatia were meant to connect their

16 *Beszámoló a magyar nemzetközi fejlesztési együttműködés 2008-ban megvalósított tevékenységéről* (Report about the activities of the Hungarian international development cooperation in 2008), Budapest, March 2009.

http://www.kum.hu/NR/rdonlyres/D2DB5DD4-42B2-4D3B-BB59-3F6808D15F03/0/Beszamolo_2008_KB_utan_modositott_vegleges_gya.pdf.

17 Imre Szilágyi, "The Hungarian Government's Western Balkan Policies since the 2006 Elections," *International Issues & Slovak Foreign Policy Affairs* 17 (2008), 4; Pál Dunay, "Hungarian Foreign Policy in the Era of Transition (1990-2004)," *Foreign Policy Review* (2004), 200. 12.

gas pipelines in 2010, which will be part of a gas pipeline running from the Baltic Sea to the Adriatic. This project is part of a wider cooperation initiative within the frame of the V4+ aimed at strengthening energy links among the Visegrad group and with some of their neighbors, among them Croatia, Bosnia, and Serbia from the Western Balkans.¹⁸ Hungary also wants to participate in building a coastal terminal on the Croatian island of Krk, which could receive liquefied gas by tanker from countries such as Qatar.¹⁹ Although small and medium sized enterprises have also begun entering these markets, the size of their investment so far has not been significant.

Slovakia

Much as they are a Hungarian priority, Croatia and Serbia are also the countries with top priority for Slovakia in the Western Balkans. Serbia is important for several reasons, such as the presence of the Slovak minority in Voivodina and Serbia's geographical proximity, but also that the two countries share the experience of living under an authoritarian regime ostracized by the rest of Europe. Slovak politicians share the view that the stability of Serbia is key for overall regional stability and that most problems in the Western Balkans are somehow related to Serbia. Such considerations underpin the prioritization of Serbia high on the Slovak foreign policy agenda.²⁰

The current Slovak government is continuing the overall Balkan strategy that its predecessors developed. Slovakia's engagement has traditionally focused on civil society development in the region and, as such, has had an important social impact. Yet, in the economic sphere it is a smaller player than Hungary as it devotes fewer funds and carries out less investment in the Western Balkans than its southern neighbor.

Unlike in Hungary, Slovak politicians became leaders of EU policy initiatives through the engagement of a few high-profile diplomats such as Eduard Kukan who served as the UN Secretary-General's Special Envoy for the Balkans between 1999 and 2001, as well as Miroslav Lajčák, who, as the EU's representative, helped to manage the referendum on independence in Montenegro in 2006, and in the following year took up the post as the UN High Representative and the EU Special Representative in Bosnia and Herzegovina. In addition, in Montenegro Lajčák was granted the responsibility of helping to manage and monitor the referen-

18 Declaration of the Budapest V4+ Energy Security Summit, Budapest, 24th of February 2010.

19 "Energy security in Europe, Central questions," *The Economist*, 6.03.2010.

20 Milan Šagát, "Slovakia's Foreign Policy Towards the Western Balkans in 2006," *Yearbook of Slovakia's Foreign Policy* 1 (2007), 110.

dum process, while another Slovak diplomat, František Lipka became the chair of the Montenegrin referendum committee in March 2006.²¹ Quite recently, Lajčák was the one announcing a new EU plan about organizing talks between Belgrade and Pristina about technical issues, which indicated that Slovakia is still trying to shape EU high politics in the Western Balkans.²²

Yet, Slovakia has failed to convert its good political relations in the region into a strong Slovak economic presence, as Slovak investments still lag far behind those of the other Visegrad countries.²³ In 2008 Slovakia ranked as the 35th biggest investor in Serbia and as the 32nd in Croatia. For this reason, in 2009, economic cooperation became a priority in Slovakia's Western Balkan policy, demonstrated by a new government proposal focusing on economic diplomacy and the opening of the Slovak-Serbian Economic Forum, among others.²⁴

In 1999, Slovakia launched the so-called 'Bratislava process', a very similar initiative to Hungary's Szeged Process. Just like the Szeged Process, it granted support for the democratic opposition forces in the Federal Republic of Yugoslavia through organizing conferences and workshops. Simultaneously, Slovak NGOs got actively engaged in Serbia in the early 2000s and have remained very involved since. Consequently, civil society development became a key dimension of Slovak engagement in Serbia and the region.

Within the framework of the Bratislava process, in 2002 Slovakia created the Bratislava-Belgrade Fund (BBF) which was meant to provide development aid to Yugoslavia (later to Serbia and Montenegro). Its main priorities have been the promotion of civil society, infrastructural investments, regional development and assisting with the country's Euro-Atlantic integration.²⁵ Subsequently, Albania, Macedonia, and Bosnia and Herzegovina also became recipients of Slo-

21 Milan Šagát, "Slovakia's Foreign Policy Towards the Western Balkans in 2006," *Yearbook of Slovakia's Foreign Policy* 1 (2007), 113.

22 "Lajčák prepares plan for Kosovo," B92, 2.5. 2010.

23 For instance, in 2008 Slovakia ranked as the 35th biggest investor in Serbia with its 1,47 million USD direct investment according to its yearly investment balance, while Hungary stood at the 13th place with 32 million USD, while Poland on the 15th with 24,8 million USD. In Croatia, similarly, in 2009 Slovak investments merited the not so impressive 32nd place with 26,7 million EUR invested in the country. Croatian National Bank: Statistics, Foreign direct investment in Croatia by the country of origin, <http://www.hnb.hr/statistika/estatistika.htm>.

24 Imre Szilágyi and Tomáš Strážay, "New Dimensions of Cooperation: Hungary and Slovakia's Joint Involvement in the Western Balkans," Research Center of the Slovak Foreign Policy Association, Bratislava 2009, 23.

25 Lessons Learned from Building a Civil Society in Slovakia –Spreading Democracy and Stability in Central and Eastern Europe (Round Table at the School of Slavonic and East European Studies, London), 9.11.2005, <http://www.ssees.ucl.ac.uk/vasaryova.pdf>.

vakia's development aid program.²⁶ The Slovak Foreign Policy Association and the Pontis Foundation implement most projects aimed at sharing Slovakia's EU accession experiences with the Western Balkan states.²⁷ However, in the last few years, aid money has been channeled away from civil society to infrastructure development reflecting the aspiration of the government to strengthen Slovakia's economic position in the region and to help small and medium enterprises enter the regional markets.

Czech Republic

Despite prevailing political differences, there is a general consensus within the political elite on the need for further enlargement specifically to the Western Balkans, yet the Eastern Partnership is also a high priority. Reflecting these foreign policy goals, both the Western Balkans – especially Croatia's accession process and visa liberalization for the region – and the Eastern Partnership were among the main priorities of the Czech EU presidency.²⁸ However, as Filip Tesar argued, the Czech Republic in reality is more interested in the EU's eastern neighborhood than in the Western Balkans. Since Czech politicians are better informed about the Eastern Partnership countries they are also more active in this area.

Like the other Visegrad countries, the Czech Republic also participates in various EU and NATO missions throughout the region. It is worth to mention that Czech investment is also quite negligible in the region; the single biggest deal was brought about in Albania through the winning tender of the Czech energy company ČEZ in 2008.²⁹ ČEZ has recently entered a tender process in Kosovo as well. At the same time, however, of the Visegrad group, the Czech Republic gives the most development assistance to the region, 4.913m EUR per year,³⁰ out of which most funds have been channeled to Serbia (2.88m EUR) and Bosnia (1.453m EUR).

26 Remarks presented by the President of the Slovak Republic Ivan Gašparovič at the 12th meeting of the Presidents of Central European States, "How to complete the process of European integration," Zagreb, 14.10.2005, Website of the President of the Slovak Republic, <http://www.prezident.sk/?remarks-presented-by-the-president-of-the-slovak-republic-ivan-gasparovic-at-the-12th-meeting-of-the-presidents-of-central-european-states-how-to-complete-the-process-of-european-integration-zagreb-14-10-2005>.

27 Milan Šagát, "Slovakia's Foreign Policy Towards the Western Balkans in 2006," *Yearbook of Slovakia's Foreign Policy* 1 (2007), 116.

28 Jan Richter, "Balkans among Czech EU presidency foreign policy priorities," *Český rozhlas*, 9.1.2008, <http://www.radio.cz/en/article/99413>.

29 Filip Tesar, "The Balkan Dimension of the Czech Foreign Policy: Cornerstones and Political Context," unpublished manuscript, 8.

30 Data for the year of 2008. Source: Pontis Foundation, ODA Evaluation in the Visegrad Four, Western Balkans Case Study, December 2009, <http://www.nadaciapontis.sk/en/14521>, 7.

The overall record of the Czech presidency in terms of accomplishments in the Western Balkans was rather weak, yet it was a real success of Czech diplomacy during the presidency that Montenegro's application for candidate status had been unblocked in the Council in April 2009. Moreover, Albania's application was also accepted. In addition, as another diplomatic triumph for Prague, Štefan Füle became the new commissioner for enlargement.

Poland

Compared to the other Visegrad countries, Poland is less engaged in the Western Balkans, since Ukraine and Belarus are its main foreign policy priorities. This is also reflected in Polish development policy: in 2010 the greatest share of Polish development aid targeted the Eastern Partnership countries and Afghanistan,³¹ while Albania, Bosnia and Herzegovina, Macedonia, Montenegro, and Serbia only received small grants from the respective Polish embassies.³² At the same time, Poland's participation in the Visegrad cooperation and the Regional Partnership shapes its Western Balkan policy considerably. Being a member in these regional forums it participates in specific initiatives. In general and at a European level, in exchange for other Visegrad members' support for Polish initiatives targeting the Ukraine, Poland backs the Visegrad countries' policy in the Western Balkans. Moreover, following the Budapest declaration in 2005, within the frames of the Regional Partnership, Poland became responsible for sharing experiences with the Western Balkan countries about how to absorb EU funds. Although Polish experts have been actively engaged in this program organizing workshops, training sessions, and study visits, funds were cut for the year of 2009, again reflecting that the Western Balkans region was not the highest priority.³³

Poland, however, has a strong presence in the EU and NATO missions in the Balkans: 284 troops in KFOR and 120 policemen in EULEX. Polish soldiers made up one tenth of the EU's EUFOR Althea mission in Bosnia, though at the beginning of 2010 the majority of them were pulled out.³⁴ Poland also contributes police officers and civilian experts to EUPM.

31 Presentation of Agnieszka Lada, Research Fellow, Institute of Public Affairs, Warsaw at the workshop organized by CENS, CEU, Budapest, May 2010.

32 Pontis Foundation, ODA Evaluation in the Visegrad Four, Western Balkans Case Study, December 2009, <http://www.nadaciapontis.sk/en/14521>, 8.

33 Tomasz Żornaczuk, "Western Balkans in Poland's Foreign Policy," *Panorama of Global Security Environment 2009*, CENAA, Bratislava 2009, 237-248: 244.

34 Tomasz Żornaczuk, "Western Balkans in Poland's Foreign Policy," *Panorama of Global Security Environment 2009*, CENAA, Bratislava 2009, 237-248: 240.

At the same time, the reluctance of the Polish approach to the Western Balkans sometimes manifests itself. For instance, the Polish government made its support of a declaration reaffirming the European perspective of the Western Balkans at the Visegrad countries' foreign ministers meeting in October 2009 conditional on the promise that in the spring a Visegrad summit would be held on the Eastern Partnership. Moreover, at that event Poland was not represented at a ministerial level signaling their general lack of interest in the region. Allegedly, enlargement will not be among the main priorities of the Polish EU Presidency, which starts in July 2011. In general it can be concluded that Poland often backs proposals on the Western Balkans in order to gain something on the Eastern Partnership front.

Furthermore, Poland refused to sign a declaration calling for a visa-free regime to Serbian citizens, which was certainly not a sign of political good will. 17 EU members including the Visegrad states joined the declaration which was a French initiative in April 2008. Polish officials argued that Serbian citizens were already enjoying a rather generous visa regime in Poland.³⁵ General disinterest towards the Western Balkans is also reflected by the low intensity of economic relations. Polish exports to the region amount to 0.7% of all Polish exports, and investments are also minimal (around a total of 70 million USD in 2007).³⁶

However, Poland is a clear supporter of further enlargement and, as such, at certain moments has provided firm backing to the Western Balkan states. Poland backed Macedonia's NATO accession in the face of the Greek veto, as it disapproved of mixing in bilateral issues with conditionality requirements for NATO and EU membership. In a similar manner, Poland supported the continuation of accession negotiations with Croatia when those were blocked by Slovenia owing to the maritime issue. Poland hosted an important event during its Visegrad presidency in October 2008 displaying a pro-active approach towards Bosnia and Herzegovina. A meeting of political directors from Visegrad foreign ministries with a representative of the British Foreign Office, Bosnian authorities and Miroslav Lajčák in Sarajevo was meant to draw the attention of Bosnian politicians to the Visegrad cooperation, and to boost Lajčák's reform efforts in Bosnia as a high representative.

On the whole, apart from Poland's negative approach to the French visa initiative in April 2008, Poland supports visa liberalization to the Western Balkan countries and backs their Euro-Atlantic integration, even if it throws its real

35 Tomasz Żornaczuk, 238.

36 European Stability Initiative, Debating EU Enlargement - Poland, <http://www.esiweb.org/enlargement/?cat=23#awp:::cat=23>.

weight behind the aspirations of Ukraine.³⁷ Altogether, Polish foreign policy is not necessarily negative but rather passive towards the region. Most of the time it follows the EU mainstream and gets engaged in the Western Balkans mostly through various forums such as EU or NATO missions or the Visegrad cooperation, rather than at its own initiative. It is noteworthy that the foreign minister's yearly statement on Polish foreign policy for 2009 did not even mention the Western Balkans, signaling Poland's general lack of interest.³⁸

Shaping EU policy

Hungarian and Slovak politicians have been intensively lobbying for the integration of the Western Balkan states into the Euro-Atlantic structures, by all possible means and in all possible forums. Hungary and Slovakia have pressed for speeding up EU enlargement to the Western Balkans, advocated the countries' invitation to NATO's Partnership for Peace program, later to NATO itself, and have been pushing for visa liberalization. Fighting against enlargement fatigue can be an important contribution in critical moments, such as in March 2005, when the European Council was about to decide whether to open membership negotiations with Croatia. Hungary and Slovakia, speaking up on behalf of Croatia, probably helped to avoid a longer suspension of Croatia's EU accession process.

In April 2009, at the initiative of Hungary, a letter was signed by the foreign ministers of eight EU member states, among them Poland, Slovakia, and Slovenia, addressing the Czech EU Presidency, in which they called for speeding up the visa liberalization process of the Western Balkan states, and asked the European Commission to give its opinion about the countries' performance by May 2009. By this letter, the signatory governments intended to boost the Czech presidency's efforts to accomplish something in the area of visa liberalization during its term. In the end, however, the European Commission's proposal about granting a visa-free regime to Macedonia, Serbia, and Montenegro from January 2010 came only after the Czech presidency was over, in July 2009.

37 Piotr Kaźmierkiewicz of the Institute of Public Affairs, cited in European Stability Initiative, *Debating EU Enlargement – Poland*. <http://www.esiweb.org/enlargement/?cat=23#awp::?cat=23>.

38 Tomasz Żornaczuk, 239.

The Visegrad Group Engagement in the Western Balkans

Most recently, as a regional cooperation group, the Visegrad Group reiterated their commitment to the Western Balkans during a meeting held under the Slovak Visegrad presidency in October 2010. The participants emphasized that the V4 “stands ready to assist the Western Balkan countries in their integration processes by transfer of relevant expertise, consultations on efficient management of IPA funds, ... joint research and student programs, and V4 twinning projects in areas such as energy security, transport, and infrastructure networks, Roma integration and others.”³⁹

Although the Eastern Partnership countries used to dominate the Visegrad cooperation’s external agenda, the Western Balkans became a priority of the Visegrad Cooperation under the Hungarian Visegrad presidency between July 2009 and June 2010, and remained a priority area under the Slovak Presidency, as well. Thus, Hungary placing more emphasis on the Western Balkans was a new step forward towards a more balanced approach.⁴⁰

During the Hungarian V4 presidency the member countries coordinated their activities concerning the Western Balkans and presented a united policy towards the region in the EU bodies, which was a major achievement. Such Visegrad coordination had occurred before, such as in March 2009 before the Brussels European Council forum, about how to handle the economic crisis. Provoking an angry reaction from president Sarkozy in the fall of 2009 they again tried to forge a common position ahead of the next European summit. At that time they discussed the Czech demand for an exemption from part of the Lisbon Treaty and climate change issues. Fearing that they would be squeezed out of the EU’s foreign policy the Visegrad states also called for getting a fair share in the EU’s new diplomatic corps, in the European External Action Service (EEAS).⁴¹

Under Hungarian leadership, the Visegrad group played a key role in unblocking Serbia’s interim trade agreement in December 2009. Granting Bosnia and Herzegovina a NATO Membership Action Plan was an important goal of the Hungarian Presidency, (which was fulfilled in April 2010). The presidency also lobbied for Macedonia’s NATO integration, as well as for the further development of NATO-Serbia relations, in particular via the Partnership for Peace.

39 “Visegrad Group Ministerial Statement on the Western Balkans,” Bratislava, 22.10.2010. http://www.mfa.gov.hu/kum/en/bal/actualities/spokesman_statements/20101025_v4_statement.htm.

40 Presentation of Tomáš Strážay, at the workshop organized by Central European University, CENS, Budapest, May 2010.

41 Andrew Rettman, “New EU states make bid for more diplomatic clout,” *www.euroobserver.com*, 10.3.2010.

Besides effectively lobbying for enlargement in the EU, the value added of the Visegrad Group is the practical assistance they offer to the countries in question to prepare for their EU and NATO membership. The Hungarian Presidency launched sectoral cooperation initiatives in order to further this second goal. Consultations focused on border surveillance, migration, and programs assisting the Western Balkan countries to achieve a visa-free regime in the EU and to develop a public administration that effectively addresses the requirements of EU integration. In meetings among ministers, improving energy interconnection in the region and the incorporation of the Western Balkan countries in the program of Trans-European Transport Networks were discussed.⁴² Importantly, Croatia, Serbia, and Bosnia were included in the V4+ energy security cooperation initiative launched in February 2010, which aims to connect the Polish and Croatian liquefied gas terminal and support North-South interconnections.

However, the Eastern Partnership countries, primarily the Ukraine, still dominate the V4's external agenda, even if South East Europe has received more attention lately. Owing to the efforts of Hungary, the rhetoric has shifted somewhat towards the Western Balkans. Yet, most funds from the International Visegrad Fund are still channeled to the Ukraine and Belarus rather than to South East Europe. Although the International Visegrad Fund (IVF) was set up with the central aim of fostering cohesion and strengthening cooperation among the V4 countries, it also has an external dimension offering scholarship programs to citizens from candidate and future candidate countries, supporting the sharing of accession and transition experiences of the V4 countries, and promoting civil society development. It is noteworthy that Ukraine and Belarus were the biggest recipients, with Ukraine being the single biggest beneficiary of total external funding. These two countries have attracted 60% of the Visegrad fund's external assistance, while the Western Balkans only slightly over 10%, which is a telling number from the aspect of assessing the external priorities of the Visegrad group.

42 Key Areas of the Presidency of the Visegrad Group 2009-2010, Website of the Hungarian Ministry of Foreign Affairs, http://www.mfa.gov.hu/kum/en/bal/foreign_policy/V4_presidency/visegrad_cooperation.htm.

Visegrad Cooperation and global security challenges

Terrorism

According to the Worldwide Incidents Tracking System (WITS), operated by the American National Counterterrorism Center, within the territories of the Visegrad countries very few terrorist attacks took place .

Country	Perpetrators	
	Unknown	Secular/Political/Anarchist
Czech Republic	0	1
Hungary	3	1
Poland	0	0
Slovakia	3	0

Incidents between 2000 and 2010 in the Visegrad countries by perpetrators⁴³

However, though the number of successful attacks was very low, the number of unsuccessful attempts was actually higher, as is shown by the TE-SAT database of the European Union. The TE-SAT, operational since 2006, uses a different categorization than the WITS. Besides counting successful and attempted attacks⁴⁴, it also registers the number of arrests that took place in connection with terrorist activities.

In the Visegrad countries, both terrorist and extremist attacks took place, though in limited numbers. Hungary has the worst record: in 2009 the right-wing extremists group, Hungarian Arrows National Liberation Army carried out incendiary bomb attacks against the properties of politicians (shown in the WITS database as the only not ‘unknown’ attacks). Additionally they planned to carry out four attacks against politicians. Three attempts were interrupted by the Hungarian authorities in the preparatory phase, while, in the fourth case, the terrorists gave up their plans. In Slovakia members of political parties were attacked by bombs in 2004, causing a few injuries. No group claimed responsibility. However, most incidents shown in the WITS database were connected to organized crime groups, and not to political movements.

Cases of extremism were reported from the Czech Republic and from Hungary. In 2009 Czech authorities arrested members of the right-wing extremist group “White Justice” because they planned to kill politicians and policemen.

⁴³ Source: https://wits.nctc.gov/FederalDiscoverWITS/index.do?t=Reports&Rcv=Incident&Nf=p_IncidentDate|GTEQ+20000101|p_IncidentDate|LTEQ+20101231&N=0

⁴⁴ The six TE-SAT categories are: islamist, separatist, left-wing, right-wing, single-issue, not specified.

Also, in April 2009 Czech extremists attacked a Roma family with Molotov cocktails in order to intimidate the whole Roma community of the given settlement. In Hungary, in 2008-2010 altogether six Roma persons (including a child) were killed in nine attacks, committed by four rightist extremists, motivated by ethnic hatred.⁴⁵ Their cases are not categorized as acts of terrorism, but as hate crimes.

Organized crime

Concerning global security challenges, the overall security situation of the Visegrad countries, of all organized crime, is affected most severely by illegal drugs and human trafficking.

Drugs trade

All four Visegrad states are heavily affected by the illicit drug trade, mainly by heroin and opium trafficking from Asia to Western-Europe. Poland lies on the so-called 'Northern Route', or Silk Road, on which the heroin produced in Afghanistan makes its way to Western-Europe through Russia, Ukraine, and so on. The other three V4 countries are touched by two branches of the 'Balkans Route.' The northern branch goes through Bulgaria, Romania, and Hungary to Austria, Slovakia, and the Czech Republic. The central branch goes from Bulgaria to Macedonia, then to Serbia, through Belgrad. Here the transports go either to the West, to Croatia, or keep going North, and cross the territory of Hungary and Slovakia to the Czech Republic, which is an important regional drug distribution hub.⁴⁶ The map below shows the drug trafficking routes crossing the Balkans and the Visegrad states:

45 <http://www.consilium.europa.eu/uedocs/cmsUpload/TE-SAT%202010.pdf> pp. 36-39.

46 Márkus, pp.36.



The 'Balkans route' of smuggling and the Visegrad states⁴⁷ Additionally, the Visegrad countries are also crossed by the light drug trafficking routes, originating mainly from the Benelux-states and North-West Germany and heading towards Central and Eastern Europe. Predominantly hashish and synthetic drugs are trafficked along these routes, for example, 'disco drugs' from the Netherlands. The Schengen-accession of the Visegrad countries significantly reduced the effectiveness of anti-drug policing inside the Schengen-area.

Until the early 2000s the Visegrad countries were mainly just transit points for international drug trafficking. However, according to the analysis of the Hungarian National Security Office in 2008, Hungary already had also become a destination country for the drug trade. In terms of cannabis production, Hungary

47 <http://www.fas.org/irp/threat/754791.gif>

became practically “self-sufficient”, due to the large number of illegal cannabis plantations around the county.⁴⁸ Besides, according to a 2008 Europol information, in the European Union the highest number of illegal synthetic drugs laboratories were operating here: 458 (!) laboratories were discovered, where mostly methamphetamines was produced.

Human trafficking

In order to get a comprehensive picture of the human trafficking situation in the Visegrad countries, one may refer to the Trafficking in Persons Report 2009, issued by the U.S. Department of State. This document addresses the human trafficking situation of every country, names the main challenges, and evaluates governmental measures.

The Czech Republic is a transit country for women from Ukraine, Moldova, Slovakia, Romania, Belarus, and Bulgaria, who are shipped to Western-Europe for sexual exploitation. The main destination countries are Germany, the U.K., Denmark, and the Netherlands. Besides, the country itself a destination for women trafficked from the Balkans, the former Soviet Union, China, Vietnam, Mongolia, and Brazil, mostly for the purpose of forced prostitution. An interesting feature is the trafficking of Roma men and women inside the country, mostly for forced labor and again, prostitution. The Czech authorities fully comply with the relevant international agreements, victims’ protection is well-functioning, and there is a developed NGO-network, assisting prevention and victim protection.

Hungary itself is an important transit route for women trafficked from Romania and Ukraine to the Netherlands, the U.K, Denmark, Germany, Austria, Ireland, and further away, to the United Arab Emirates. A particular domestic phenomenon is the trafficking of women from Eastern-Hungary to Budapest and to regions along the border with Austria. The main purpose is commercial sexual exploitation. Those Roma women and girls who grow up in orphanages are especially vulnerable to internal sex trafficking. Performance of the Hungarian authorities in the anti-trafficking fight is constantly improving (for example, police implemented a new anti-trafficking database), but there is still a lot to do. Victim protection is a critical field: in 2008 the government stopped financial support to one NGO, resulting in the closure of one of its victims’ shelters – one of the only two in the country. Generally speaking, the lack of funding seriously hampers the Hungarian anti-trafficking policy.⁴⁹

48 <http://www.nbh.gov.hu/oldpage/evk2008/08-0053.htm#2>

49 <http://www.state.gov/documents/organization/123362.pdf> pp. 153.

Poland, as the largest of the Visegrad states, is a significant source country for men and women trafficked to Western-Europe (primarily Italy, Austria, France, Spain, and Sweden) for sexual exploitation. Besides, it is also a destination country for women trafficked from the former Soviet Union and Bulgaria, Romania, Sudan, China, and Vietnam, also for the purpose of forced prostitution. In addition, women from Ukraine, Bulgaria, Mongolia, and Vietnam are trafficked to Poland for forced labor, forced begging and debt bondage. The Polish government fully complies with the minimum standards for the elimination of trafficking: for example, the funding for victim care NGOs has been increased, a network of crisis intervention centers is being expanded, and there were several campaigns to reduce the demand for commercial sex acts.⁵⁰

Slovakia is a source, transit and - due to its size - limited destination country for women and girls from Ukraine, Moldova, Bulgaria, the Baltic States, the Western-Balkans, and China, trafficked to the Czech Republic, Germany, Austria, Italy, the Netherlands, and other Western-European countries, mainly for sexual exploitation. Besides, there is a significant internal trafficking of Roma people from the Eastern parts of the country to the capital, also for prostitution purposes. Roma children are trafficked to Austria, Italy, and Germany for forced begging. The Slovak government is making significant efforts to combat trafficking: funds allocated for such purposes reached 400.000 USD in 2008; approximately half of it was spent on victim assistance. However, there is still a lot of room for improvement in the field of anti-trafficking measures, especially regarding successful criminal prosecution.⁵¹

GUAM countries and global security challenges

From the point of view of global security challenges, the most relevant issues are WMD proliferation, terrorism, arms trade and organized crime. In addition to these, in the case of the GUAM countries it is also important to study the separatist conflicts these countries have to face, as these conflicts are both causes and sources of many other threats.

50 <http://www.state.gov/documents/organization/123363.pdf> pp. 242.

51 <http://www.state.gov/documents/organization/123365.pdf> pp. 259.

Separatist conflicts

Clearly the number one common element in the security environments and security perceptions of the GUAM countries is the danger of separatist conflicts. In all four GUAM countries, separatist conflicts got “frozen” in the early nineties, following civil wars of different duration and intensity. The Nagorno-Karabakh conflict between Armenia and Azerbaijan had already broken out in 1988 and ended with a ceasefire agreement in May 1994. South-Ossetia broke away from Georgia in 1992, while Abkhazia did so in 1994. 1992 was the year in which the short Moldovan civil war ended, and the ceasefire agreement de facto recognized Transdnistria as an equal party in the conflict. In three of these four separatist conflicts – with the exception of Karabakh - the Russian Federation played an active role by supporting the separatist forces both by political and military means. In the case of Karabakh, Russia supported Armenia, not the separatist ‘republic’ itself. Russia has also played a key role in maintaining the resulting ‘de facto states’ by stationing Russian forces there, by providing economic support, and by blocking practically all settlement efforts of non-Russian origin. As Moldovan analyst Nicu Popescu pointed out in regards to Transdnistria – though the example fits the other three as well – Russia was interested in prolonging the conflicts, instead of solving them.

The motives of Moscow have been multifold. By stationing Russian forces in Transdnistria, Abkhazia, and South-Ossetia, regional military influence could be maintained even after the collapse of the Soviet Union. By keeping the separatist “republics” afloat, Russia can practically block or hamper the Westernization processes of the kin states, and can still exercise certain control over them. Moreover, “operating” the separatist regions provides extreme economic wealth to certain Russian political and business circles.

In Ukraine, Russian support to separatist forces is more complex in nature. The region of primary importance is, of course, the Crimea. The Crimea as a territory was transferred to the Ukrainian SSR only in 1954 and, since the dissolution of the Soviet Union, the status of the territory has constantly been on the Russian-Ukrainian agenda, despite the autonomy that the Republic of Crimea enjoys inside Ukraine. It has its own parliament and political parties, though the judicial system of Ukraine is applied here. These facts, together with the Russian Black Sea Fleet being stationed there, provide a fertile ground for separatism. Since the break-up of the Soviet Union, Moscow has kept supporting various Russian nationalist forces in the Crimea in order to put pressure on the central government in Kyiv. In 2006 a coalition of the Party of current president Yanukovich won almost 70% of seats in the Crimean parliament. Another member of this coalition

was an extreme pro-Russian party, reportedly financed by Moscow mayor Yuriy Luzhkov. They demanded the recognition of Russian as an official language, the permitting of dual citizenship – things, which were against the laws of Ukraine.

Until very recently Russia has actively tried to incite ethnic tensions between the Tatar minority in the Crimea and ethnic Slavs. Experts state that there are many motives for this behavior. First, if Crimean Tatars radicalized, they would lose the support of their biggest donor, the secular Turkey. As a side-effect, the regional influence of Turkey would also decrease. Second, sharpening ethnic tensions in the regions also weakens the central government in Kyiv. Third, referring to the danger of growing Islamic radicalization, Russia could increase its forces stationed in Crimea in order to protect Russian citizens.⁵²

Arms race and danger of war

In the case of the Moldova-Transdnistria conflict, one can clearly state that none of the parties involved would be interested in a military solution. A violent settlement option is clearly out of question. In Georgia before 2008 one could clearly see a rapid militarization process on the side of Tbilisi following the ‘Rose Revolution’. The growing defense spending and the local successes that the Saakashvili-regime achieved against Adjara, South-Ossetia, and Abkhazia in a way predicted the escalation, which finally happened in August 2008. However, since the war, in terms of military danger, the region has calmed down. The Russian recognition of the ‘independence’ of Abkhazia and South-Ossetia, and especially the Russian military bases established there, clearly rule out any further Georgian attack on these regions. Besides, Georgia itself has cut its military spending decisively, which is a clear sign that the Georgian leadership has given up the option of military solution.

The only region of concern in terms of a possible war is Nagorno-Karabakh. The Azerbaijani side keeps stating that Baku is ready to use every possible means in order to regain control over Nagorno-Karabakh. Based on its oil and gas revenues, Azerbaijan has increased its defense budget to a worrisome extent in the last years. In 2005 the defense spending was in the neighborhood of 542 million USD, while in 2009 it had already reached 1434 million USD.⁵³ However, defense spending alone is not an objective way of measuring a state’s military capabilities. Armenian and international experts seem to agree that Azerbaijan still has to conduct a deep military reform, before it could realistically consider a successful

52 Hedenskog-Larsson 2006:40

53 <http://milexdata.sipri.org/result.php4>

war for Karabakh. On the other hand, Armenia is member of the Collective Security Treaty Organization, thus in the event of a military attack on Armenia – not on Karabakh! – Yerevan could count on the support of Russia. Besides, there is a large Russian military base in Armenia, and Moscow guarantees the security of all the Armenian external borders, thus Yerevan can concentrate its forces on the Karabakh region. Moreover, Karabakh itself is a highly militarized region, with extremely strong fortifications built along the internal border and with difficult terrain conditions all over.

All in all, in the GUAM region the Karabakh-conflict is the only one that may pose a danger of war, but only in the medium and long run. However, even this war scenario is rather vague, as practically all international actors, including the U.S., Russia, the EU, and even Iran - are interested in avoiding a serious military confrontation between Azerbaijan and Armenia, and such a “concert of powers” may well exercise a strong moderating influence on Baku.

Proliferation of WMD

Following the break-up of the Soviet Union, the newly independent Ukraine became a nuclear power, due to the warheads and delivery devices ‘inherited’ from the Soviet Union. However, the Ukrainian political leadership returned all these weapons to the Russian Federation in exchange for strong political and financial support from the West. Most of the former nuclear weapons launch sites are already re-cultivated.⁵⁴ Ukraine has neither a chemical, nor biological weapons program, and though some elements of the old Soviet WMD production infrastructure are still in Ukraine, these facilities are not used for military purposes any more.

Concerning WMD proliferation, the three other GUAM countries did not and do not pose a real danger to the global security environment, simply because they do not have either such weapons or WMD production capabilities.

A more relevant source of concern is nuclear safety, and again, only in Ukraine, as the three other GUAM states have no nuclear power plants.⁵⁵ In Ukraine maintaining the safety of the Chernobyl nuclear site is possible only with the help of generous donor funding received from international actors. Besides the old Cher-

54 <http://www.globalsecurity.org/wmd/world/ukraine/index.html>

55 However, in Georgia there are plans to build a nuclear power station. See, for example: http://www.cipdd.org/files/43_237_640291_Policybrief3Eng.pdf

nobyl site, there are four active large nuclear power plant sites in Ukraine: Rivne, Khmel'nitski, Zaporizhzhya, and the South-Ukrainian complexes. The country is heavily dependent on nuclear energy, approximately 26,6% of its electricity demand is fulfilled by nuclear power plants. As Kyiv plans to maintain the share of nuclear energy in the Ukrainian power balance, besides decommissioning the oldest reactors, there are plans to build new ones and increase the capacity of the some of the older ones.⁵⁶

However, though the GUAM states generally do not pose a WMD threat as source countries, they are sources of concern as possible transit routes of WMD transfers. This applies especially to the security 'black holes' meant by the existence of the separatist de facto states. Due to the nature of the separatist regimes, extremely little confirmed information is available on such transfer efforts.

Arms trade

The arms trade is an important factor while trying to analyze the impact of the GUAM countries on global security, and also by analyzing their own situation. One of the four states, Ukraine, possesses a huge and very diverse defense industry originating from the Soviet era and, thus, has a remarkable export capacity. Both in 2008 and 2009 Ukraine was the 14th largest arms exporter of the world. The most important customers of the Ukrainian arms industry were Algeria, Azerbaijan, China, Georgia, Iraq, India, and Libya.⁵⁷ In certain cases, Ukraine exported weapons so modern that Ukrainian armed forces didn't even have them yet, or had them only in very limited numbers. This happened with Buk M1 air defense systems, upgrade equipments to BMP-1 vehicles, etc.⁵⁸

Various Ukrainian firms were reportedly also involved in illegal arms transfers. One may remember, for example, the case of the Ukrainian 'Faina' cargo ship that delivered weapons to South-Sudan and was hijacked by Somali pirates.⁵⁹ World-known 'Merchant of Death', Victor Bout also had important Ukrainian connections.⁶⁰ The large-scale arms export of Ukraine is connected not only to the huge domestic production capacities, but also to the need of modernizing the

56 <http://www.world-nuclear.org/info/inf46.html>

57 armstrade.sipri.org

58 <http://rt.com/news/ukraine-involved-in-illegal-arms-trade-timoshenko/>

59 <http://www.guardian.co.uk/world/2009/feb/05/somali-pirates-free-military-ship>

60 <http://www.pbs.org/frontlineworld/stories/sierraleone/context.html>

armed forces and getting rid of the old equipment that may still be sold on third world arms markets.

Moldova, though it has no significant arms industry, is still a country of concern, first, due to the arms production of the separatist Transdnistrian territory, and second, because of the large ex-Soviet weapons stockpiles on Transdnistrian soil. Moldovan sources have given information many times on the arms sales activities of the Transdnistrian 'state', though very few cases could be confirmed.⁶¹

Azerbaijan and Georgia are present in the global arms markets mostly as buyers. As mentioned before, the situation in Georgia has changed since 2008. However, though the country has cut its military budget, arms procurement has not stopped, only slowed down. On the contrary, Azerbaijan keeps increasing its purchases, and is striving to buy modern, up-to-date equipment: surface-surface missiles, unmanned aerial vehicles from Israel, tanks and armored personnel carriers from Russia, rocket artillery, fighter and attack planes from Ukraine, mine-protected infantry vehicles from South Africa, etc.⁶²

Terrorism

According to the Worldwide Incidents Tracking System, these countries can be considered relatively safe places regarding the threat of terrorism. In the last decade, the number of incidents remained very low, especially when compared to the population count. The only exception is Georgia, where most incidents took place, either in the three separatist territories (including Adjara), or in the Georgian-controlled provinces bordering them. Besides, in the Caucasus it is sometimes practically impossible to separate cases of political terrorism and struggles of private clans and organized crime groups.

<i>Country</i>	<i>Attack</i>	<i>Dead</i>	<i>Wounded</i>	<i>Hostage</i>	<i>Victims</i>	<i>Population [thousand]</i>
Azerbaijan	10	11	26	0	37	9047
Georgia	121	37	141	26	204	4636
Moldova	5	9	81	0	90	4324
Ukraine	24	5	68	1	74	45 962

61 Pinte, Iurie (2004): 'The Military Aspect of the Conflict Settlement in the Eastern Part of the Republic of Moldova.' In: Barbarosie, Arcadiu Dr. - Nantoi, Oazu (eds.): Aspects of the Transnistrian Conflict. Institutul de Politici Publice. Chişinău. 2004. 95-137.

62 Source: armstrade.sipri.org

Incidents between 2000 and 2010 in the GUAM countries⁶³

If one takes a closer look at the perpetrators, it is clearly seen that most terrorism-related attacks in the GUAM countries are connected either to domestic secular political motives, or committed by unknown groups. However, taking into account the fact that, except for in Azerbaijan, there were no attacks committed by a confirmed Islamic group, one may well pre-suppose that most of the unknown attacks were connected to organized crime groups.

Country	Perpetrators		
	Unknown	Secular/Political/Anarchist	Islamist Extremists (Sunni)
Azerbaijan	70	59	2
Georgia	63	58	0
Moldova	4	1	0
Ukraine	27	2	0

Incidents by perpetrators 2000 and 2010 in the GUAM countries⁶⁴

Based on the data above, the GUAM countries are generally not among the targets of international terrorism. The attacks committed on the territories of the GUAM states mostly originated either from issues connected to organized crime networks or were related to the existing separatist conflicts. The only slight exception is Azerbaijan, where there were two incidents committed by Sunni Islamists. However, one has to take into account that besides Sunni extremists, there is also a growing potential for Shi'ia extremism in Azerbaijan as well. Presumably Shi'ia groups enjoy the support of Iran, which is definitely also a source of concern for the United States.⁶⁵

Organized crime

Organized crime in the broader sense poses a serious threat both to the domestic security of the GUAM countries and also to regional security. A particular feature of this organized crime is the connection between the separatist de facto states: the kin states have no control over these territories, no control or monitoring

63 Source: https://wits.nctc.gov/FederalDiscoverWITS/index.do?t=Reports&Rcv=Incident&Nf=p_IncidentDate|GTEQ+20000101|p_IncidentDate|LTEQ+20101231&N=0

64 Source: WITS

65 For more information, see: <http://www.eurasianet.org/departments/insight/articles/eav100407a.shtml#>

regimes are functioning there, nor do national police, customs and taxation authorities, etc.

Corruption

According to the Corruption Perception Index of Transparency International, three of the four GUAM countries have extremely bad ratings; only Georgia can be considered a bit better, (64th on the list) . Moreover, the rankings have not improved considerably in the last 2-3 years.

<i>Country</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>Ranking on world list in 2010.</i>
Azerbaijan	1,9	2,3	2,4	134 th
Georgia	3,9	4,1	3,8	68 th
Moldova	2,9	3,3	2,9	105 th
Ukraine	2,5	2,2	2,4	134 th

The GUAM countries on the Corruption Perceptions Index of the Transparency International in 2010⁶⁶

The marginally better corruption record of Georgia is confirmed by another Transparency International project, the so-called 'Global Corruption Barometer'. This survey measures the percentage of respondents who paid a bribe at least once to a service provider. On this list, Georgia leads the group of Newly Independent States with a 4% grade. Azerbaijan has the worst score, 48%, while Moldova has 38% and Ukraine 35%.⁶⁷ To keep it simple, the Azerbaijani rate means that practically every second (!) respondent paid a bribe at least once in 2010. These grades clearly show that in the fight against corruption, GUAM states definitely have a lot to do, and the fight against corruption could also be an input window for international technical support.

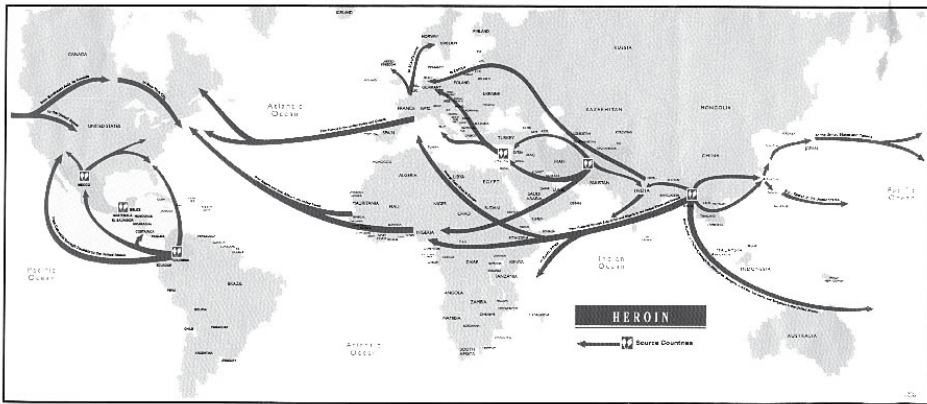
The Drug Trade

Parts of the GUAM region are crossed by drug trafficking routes that bring Afghan heroin to Europe. Though the so-called 'Northern Route' leads through the Central-Asian republics and Russia, and Ukraine is also affected.

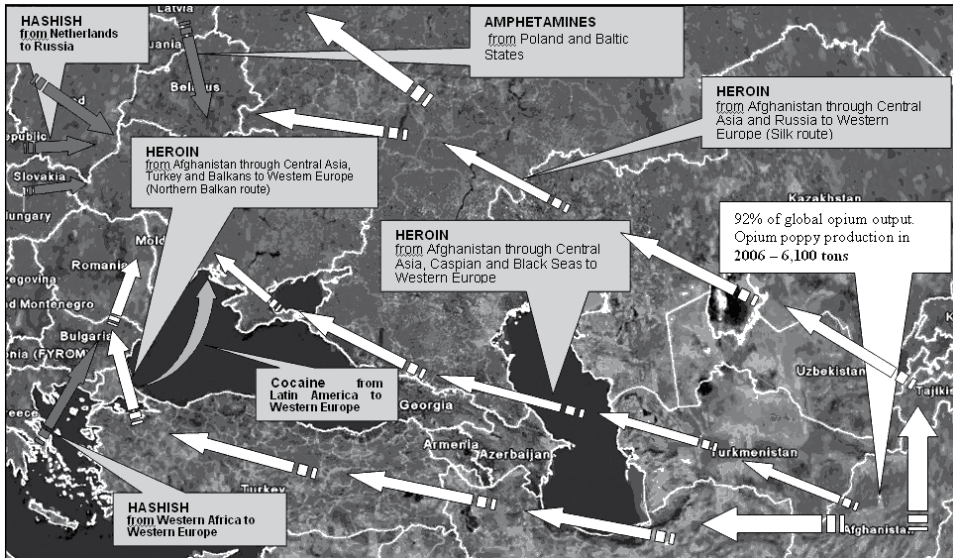
66 On the index the higher number of points a country has on a 1,0-10,0 list, the less corrupted the given country is, according to domestic perceptions. http://www.transparency.org/policy_research/surveys_indices/cpi/2010/interactive

67 http://www.transparency.org/policy_research/surveys_indices/gcb/2010/interactive

Drug trafficking routes - heroine⁶⁸



Drugs trafficking routes crossing the GUAM region⁶⁹



However, if one widens the scope to drug trafficking in general, the picture gets much darker. According to data from the BUMAD (Programme for the Prevention of Drug Abuse and the Fight against Drug Trafficking in Belarus, Ukraine, and Moldova) project of the United Nations⁷⁰, the whole GUAM region is crossed by various drug trafficking transit routes. This means not only 'traditional' East-

68 <http://www.europarl.europa.eu/topics/drugs/images/drhero.jpg>

69 <http://bumad.un.kiev.ua/Image/about/en/bg13b.gif>

70 <http://bumad.un.kiev.ua/index.php?lang=en&slD=25>

West transits of Asian heroin and cocaine, but also West-East directed shipments of light drugs, such as hashish, amphetamines, etc.

Ukraine and Moldova (and supposedly Azerbaijan and Georgia, as well) are not only transit routes, but also destination countries. Widespread drug use also contributes to the worsening HIV/AIDS situation, due to re-use of intravenous needles.

The fight against the drug trade and drug trafficking would require further strengthening of border control and customs regimes, an improved legal environment and enhancement of laboratory capacities. The EU-operated EUBAM mission on the Moldovan-Ukrainian border performs important tasks, but its activities are obviously far from being sufficient for the whole region. Though the above mentioned BUMAD project ended in 2009, many related problems remain unresolved. There is a lot of room in this field for further international assistance.

Human trafficking

Similar measures would be needed to tackle the widespread human trafficking that originates from the GUAM region. In order to get a comprehensive picture of human trafficking in and from the GUAM region, one may again rely on the *Trafficking in Persons Report 2009*.⁷¹ According to this global survey, all four GUAM countries are important sources, and, to a lesser extent, transit routes for human trafficking.

Azerbaijan is a source, destination, and transit country for the trafficking of men, women, and children. Men and boys are trafficked mostly to forced labor, and the main destination country is Russia. Women and girls are more trafficked for forced labor and sexual exploitation to Turkey, the United Arab Emirates, Russia, and also to Iran. There is also significant internal trafficking in the country, with children trafficked for the purpose of forced begging. The efforts of the Azerbaijani authorities to counter human trafficking are not effective enough, nor are victim assistance and protection programs for child victims.⁷²

In Georgia, human trafficking affects mostly women and girls, who are shipped to Russia, U.A.E., Turkey, Greece, Germany, and Austria for commercial sexual exploitation. Besides, humans trafficked from Russia and Ukraine often cross Georgia on their way to the Middle-East. In addition, men and boys from the separatist territories of Abkhazia and South-Ossetia are often trafficked for forced labor both in-country and abroad. The Georgian government is significantly increasing

71 <http://www.state.gov/g/tip/rls/tiprpt/2009/>

72 <http://www.state.gov/documents/organization/123361.pdf> pp. 70.

its efforts to counter human trafficking and victim assistance programs are also improving.

Approximately 25.000 Moldovans were trafficked for forced labor: men for physical labor, while women and girls mostly for sexual exploitation. The main destination countries were Turkey, Russia, Cyprus, the United Arab Emirates, and many other Western-European states. Moldovan authorities lack the necessary resources to effectively counter trafficking activities; many relevant projects depend on international donors.

Of the four GUAM countries, clearly Ukraine is the most important in terms of human trafficking. Ukraine is a source, transit, and destination country: women and girls are trafficked all over Europe and also to Russia, Turkey, and the Middle East for sexual exploitation, while men are often trafficked either for forced labor and children for forced begging. Forty-eight percent of trafficking victims addressed by the International Migration Organization and its NGO partners in 2008 suffered sexual exploitation; ten percent were forced to beg. Practically half of all victims suffered one form of forced labor or another. Ukrainian authorities are not able to efficiently counter human trafficking, though they are “making significant efforts to do so.” Victim protection projects are still heavily dependent on international donors.

The Western Balkan countries and global security challenges

Most security threats characterizing the region of South East Europe are of a regional nature and do not have a potential global reach. Unfinished statehood issues, problems related to the rule of law and the latent social consequences of the current economic crisis by and large pose soft security threats, none of which currently threaten a resurgence of large-scale armed conflict. Yet, it could be argued that political instability, widespread poverty and unemployment, along with endemic corruption, unresolved ethnic issues, lack of rule of law, and porous borders is a dangerous mix which makes the region vulnerable to organized crime and terrorism, which do have wider consequences.⁷³ Moreover, the danger of terrorism will be also touched upon briefly. It will be argued that, even though organized crime continues to pose a challenge in South East Europe, the

⁷³ Dejan Anastasijevic, *Organized Crime in the Western Balkans*, HUMSEC, http://www.etc-graz.at/cms/fileadmin/user_upload/humsec/Workin_Paper_Series/Working_Paper_Anastasijevic.pdf, 2.

UN Office on Drugs and Crime (UNODC) drew attention to falling trends in such activities over the recent years. For instance, despite drug trafficking remaining a serious issue throughout the region, regional demand for heroin seems to have stabilized according to the 2009 Organized Crime Threat Assessment of Europol as, under EU pressure, law enforcement was strengthened against the illicit drug trade. In addition, UNODC recorded a significant fall in human trafficking within and from South-Eastern Europe. Smuggling in counterfeit goods and cigarettes also declined as compared to the 1990s, even if the region remains an important source for the EU market as the Europol emphasized.⁷⁴ At the same time, fighting against corruption and managing migration have been the two areas where regional cooperation has been the least effective.⁷⁵

Most states in the Western Balkans are “weak states” characterized by strong external dependency, a high level of informal economic activity, and lack of rule of law. The latter means, in essence, widespread corruption, organized crime, weak judicial structures, and low administrative capacity.⁷⁶ Organized crime is often connected to state security structures and rooted in the general culture of corruption, which is why it is so hard to dismantle. In some places, such as Kosovo, the mostly dysfunctional justice system makes it hard to create a system based on the rule of law. As the EU’s latest progress reports highlighted, despite the recent positive trends highlighted above, corruption, organized crime and a weak judiciary remain an issue in every country of the region including Croatia. In Croatia, which is the region’s forerunner, and in Macedonia, which is the other EU candidate, corruption remains prevalent in many areas, as the report notes, even though anti-corruption efforts have been stepped up with some positive results. Yet, a track record of effective investigation, prosecution, and court rulings remains to be established, especially against high level corruption. Moreover, Croatia was called on to continue and further intensify its efforts in the field of fighting organized crime.⁷⁷ In the other countries, the situation is not any better, for example, in Bosnia, Serbia, Montenegro, or Kosovo. According to the report, in Bosnia and Serbia “the informal sector, fuelled by weaknesses in tax and

74 Dr. Sappho Xenakis, “Organized Crime and Corruption in and around South-Eastern Europe: Trends and Counter-Efforts,” ELIAMEP Thesis, October 2010.

75 Dr. Sappho Xenakis, “Organized Crime and Corruption in and around South-Eastern Europe: Trends and Counter-Efforts,” ELIAMEP Thesis, October 2010, 3.

76 Website of the European Commission, “Western Balkans: Strengthening democracy, the rule of law and human rights”, http://ec.europa.eu/world/peace/geographical_themes/west_balk/strengthening_democracy/index_en.htm.

77 European Commission, “Conclusions on Croatia”. Website of the European Commission, Enlargement. http://ec.europa.eu/enlargement/pdf/key_documents/2010/package/conclusions_croatia_en.pdf.

expenditure policies, as well as in law enforcement, including the fight against corruption and organized crime, remains large.” It also adds that in Bosnia drug-related illegal activities remain one of the most widespread forms of organized crime.⁷⁸ Similarly, in Kosovo and Montenegro organized crime remains a serious problem, whereas “money laundering and drug-smuggling are key areas of concern.”⁷⁹

One of the legacies of the war period was the close interconnectedness of the security sector with organized crime: the involvement of security units in drug and weapons trafficking, kidnappings, assassinations, not only in Milosevic’s Serbia but also in the other republics. Security services were also implicated in war crimes. In Bosnia and Kosovo the unclear and overlapping jurisdictions of different levels of administration, including the international one, makes the problem even worse due to the possibility of shifting responsibility among the various levels of law enforcement agencies. During the early 1990s, grey and black economies were not only tolerated by the state structures in some of the republics, but were also controlled by them in order to grant some source of income to the impoverished population in the midst of international sanctions, besides bringing huge profits those in power.

Drug trafficking

The region is part of a major transit route of drug and human trafficking into the European Union and a source of illegal arms trafficking into the war zones of Africa and the Middle East. Organized crime groups cooperate well across ethnic and national lines throughout the region.⁸⁰

Drug smuggling is a global issue, since most of the production targets the European and US markets. Although a large variety of drugs are traded in the Western Balkans, heroin is the greatest cause for concern due to its destructive social and human consequences. One of the trade routes targeting Western Europe goes from Turkey via Bulgaria and Macedonia to Albania, Croatia, Slovenia,

78 European Commission, “Conclusions on Croatia”. Website of the European Commission, Enlargement, 33, 58. http://ec.europa.eu/enlargement/pdf/key_documents/2010/package/ba_rapport_2010_en.pdf.

79 European Commission, “Conclusions on Montenegro”. Website of the European Commission, Enlargement, 7. http://ec.europa.eu/enlargement/pdf/key_documents/2010/package/mn_opinion_2010_en.pdf.

80 Dejan Anastasijević, “Organized Crime in the Western Balkans,” HUMSEC, http://www.etc-graz.at/cms/fileadmin/user_upload/humsec/Workin_Paper_Series/Working_Paper_Anastasijevic.pdf, 3.

and northern Italy, from where drugs can reach other parts of Western Europe.⁸¹ The porous borders for instance between Kosovo and Macedonia, Albania and Serbia proper, with poorly guarded border crossings, make the job for traffickers relatively easy. Kosovo became an important storage site for heroin smuggled in from Macedonia or Albania, which, coupled with the presence of large Albanian diasporas in Turkey, Austria, Germany, and Switzerland, allowed for Albanian crime groups to dominate the European drug trafficking business.

Despite the recent efforts of Serbian authorities to combat drug trafficking reflected by introducing stricter legal regulation and recent seizures of heroin shipments by the police and customs, the drug is still easy to buy on the streets. A lot still needs to be done in order to cut back the flourishing drug trade. Bosnia-Herzegovina is also part of the Balkan heroin path. Due to its porous borders with Serbia and Croatia, it is not difficult to transport drugs from one country to the other. Poverty and high unemployment exacerbate the social problems related to drug abuse, especially among the young, posing a grave problem particularly in Kosovo and Bosnia.⁸²

Human trafficking

Human trafficking from and through the Western Balkans to Western Europe also became an acute problem, which called for well-coordinated and firm international action, bringing about some success in this area. Although it is difficult to establish the exact numbers of victims, the International Organization for Migrations estimated for the year of 1997 that 175,000 women were trafficked from Central and Eastern Europe, including the former Soviet republics, in that year. Most of these women from South East Europe were victims of sexual exploitation, and most of them came from poor urban or rural areas. As Dejan Anastasijević described it, the main routes included trafficking via Bosnia and Herzegovina, Croatia, Slovenia to Austria or Italy; from Moldova, Romania, Serbia and Montenegro to Albania and across the Adriatic Sea to Italy; and from Romania, Bulgaria, and Albania through Macedonia to Greece. Besides international human trafficking, internal trafficking from rural to urban areas is also prevalent.

81 Dejan Anastasijević, "Organized crime in the Western Balkans," *Trends in Organized Crime* (2008) 11: 430-436, 430.

82 Dejan Anastasijević, "Organized crime in the Western Balkans," 434.

There are some international initiatives to combat organized crime in the Balkans, such as the Southeast European Cooperative Initiative Center for fighting trans-border crime (SECI) which includes all the Balkan countries plus Hungary and Moldova. SECI's activities range from combating trafficking of drugs, weapons, and human beings over fighting against money laundering to anti-smuggling, anti-fraud and anti-terrorism initiatives. Although SECI was quite successful in its efforts against human traffickers, out of the 500 arrested by the end of 2004 owing to SECI cooperation, only 50 people were legally prosecuted and only 5 convicted. SPOC (the Stability Pact's Initiative to Fight Organized Crime) and SPAI (the Stability Pact's Anti Corruption Initiative) are further international instruments to fight organized crime, yet are mostly dysfunctional.⁸³

Clearly, it is in the interest of the EU to do more in order to cut back on organized crime in the Western Balkans, as its primary target market being the EU itself fuels prostitution and drug addiction, with all the dire social side effects, in the member states. The consequences of the illegal weapons trade reach beyond Europe, fuelling bloody conflicts in Africa and Asia. Last but not least, flourishing organized crime in the Western Balkans keeps these societies economically and politically unstable, slowing down their Euro-Atlantic integration process, which is also working against European interests. According to the Regional Cooperation Council, whereas cooperation among police forces within the region has been fairly effective recently yielding considerable results, cooperation among prosecutors and judges has been far less successful.⁸⁴

Regional security projects

Regional Security projects in the transition years: from the Quadrangone to the Visegrad Group

Regional integration efforts in the Visegrad Countries had already begun by the last years of the Cold War. On November 11, 1989, just two days after the fall of the Berlin wall, in Budapest the so-called Quadrangone was formed by Italy, Austria, Hungary, and the Federal Socialist Republic of Yugoslavia. The first main

⁸³ Dejan Anastasijević, *Organized Crime in the Western Balkans*, HUMSEC, 14.

⁸⁴ Dr. Sappho Xenakis, "Organized Crime and Corruption in and around South-Eastern Europe: Trends and Counter-Efforts," ELIAMEP Thesis, October 2010, 3.

objective of this initiative was to demonstrate that the divisiveness of blocs was to be overcome by establishing political, economic, and trade contacts. One has to keep in mind that Hungary was at that time still member of the Warsaw Pact, Italy was a NATO country, while Austria and Yugoslavia were neutral states. The second aim was to develop specific sectoral projects in order to establish real economic cooperation between the member states. This initiative was the first institutional framework to respond to the requests of the former Communist countries to establish contacts with the West. The Quadrangone became a real political success story within a short period of time. In 1990 Czechoslovakia joined that group that was re-named to Pentagonale. A year later Poland also joined and the group got again a new name: Hexagonale. Finally in 1992 it became the Central-European Initiative. The security importance of the Quadrangone and its successors lay not in its security-related contents, but in the fact that this co-operation framework in a way de-securitized international relations and political contacts between Eastern and Western bloc countries.

In terms of regional security projects, all V4 countries basically followed the same path of development. While the Soviet armed forces were still stationed on Polish, Czechoslovak, and Hungarian soils, the only reasonable direction to take was to aim at neutrality. Openly voicing NATO accession intentions was obviously out of the question until the summer of 1991, when the Warsaw Pact was formally disbanded and the Soviet troops were withdrawn from all three countries. Though the latter process lasted until 1994,⁸⁵ the decisive moment was clearly the dissolution of the Warsaw Pact, as this was the precondition for re-gaining national sovereignty in issues of foreign and security policy.

In the early nineties, NATO integration was far from being the only policy plan for securing national sovereignty and security. In Hungary, the Minister of Defense, Lajos Für, announced the doctrine of “circular defense”, according to which Hungary should have guaranteed its military security on its own. It took a few years for Budapest to realize the un-sustainability of such a plan, so Hungary finally committed itself to NATO accession only in 1992.

For Poland after 1989, solely EU-integration was on the agenda and NATO accession would only be added later. At that time Warsaw would have been more in favor of an OSCE-guaranteed European security option, and it remained so until late 1991-1992. As an alternative, in 1992, Lech Wałęsa proposed the idea of forming a “NATO bis”, which would have been a Central-European defense or-

85 For more information on the process, see: Maj. Gen. Svetozár Nadovič – Maj. Gen. Hartmut Foertsch – Maj. Gen. Imre Karácsony – Maj. Gen. Zdzisław Ostrowski: *The Great Withdrawal. (Withdrawal of the Soviet – Russian Army from Central Europe 1990-1994)*. Bratislava, 2005, Ministry of Defence of the Slovak Republic.

ganization, but this was not realized for a number of reasons. Thus Polish foreign policy became committed to NATO-integration finally in 1992.

The Czechoslovak situation was even more complex. After 1989, the Czechoslovak foreign policy, led by President Havel and Minister of Foreign Affairs Dienstbier, was clearly pushing for the quickest-possible Western integration of the country. However, at the same time they also intended to play a strong, regional power role, and to forge strong regional cooperation with Poland and Hungary. There were also unrealistic suggestions to disband NATO, parallel to the Warsaw Pact, etc. The Czech foreign policy changed after the June 1992 elections, and the new leadership of Vaclav Klaus started to give up regional power ambitions and Euro-Atlantic integration became the sole most important foreign policy goal of the Czech Republic. Parallel to these processes, in late 1990 an independent Slovak Ministry of Foreign Affairs was formed inside the federation, and it started to push for a distinctive Slovak foreign policy. Slovakia at that time wanted to be the “East of the West and the West of the East”, they also pushed for a bridge-role between Western and Eastern-Europe, thus Western integration was far from being the most important foreign policy objective. The pro-Eastern Slovak foreign policy of the Mečiar-era was a direct successor of this idea.

In the early '90s regional security initiatives were focused mostly on disarmament and confidence-building measures. One has to mention first the Conventional Armed Forces in Europe (CFE) agreement, which Hungary, Poland, and Czechoslovakia all joined. Though originally the CFE was designed to mutually observe disarmament between NATO and Warsaw Pact countries, following the dissolution of the Warsaw Pact, Central-European member states became increasingly interested in conducting controlling visits to each other's territory. The process proved to be successful, thus it contributed significantly to building trust and mutual confidence between these states – at least in terms of military security.

As early as in February 1990 in Ottawa the so-called 'Open Skies conference' was launched, in which all NATO and Warsaw Pact countries participated. The then planned Treaty on Open Skies provided the member states the opportunity for unarmed surveillance flights over each other's territory in order to ensure that no military attacks were being prepared. Thus the agreement was obviously an important confidence building measure. Though it was signed in March 1992, the ratification process ended only in 2000, thus the Treaty on Open Skies entered into force on January 1, 2002. The Treaty played a particularly important role in Central- and Eastern Europe during the transition years, as it helped to get rid of mutual fears of possible military attacks.

The most important and longest lasting regional initiative of the early nineties was the Visegrad Declaration, signed in 1991 between Czechoslovakia, Poland, and Hungary. The agreement launched a close, though informal, non-institutionalized cooperation between the three – later, with the dissolution of Czechoslovakia – four member states with the objective of mutually supporting their Euro-Atlantic integration efforts. This applied both to EU and NATO membership, thus this way it was also a kind of security cooperation in the broader sense.

Regardless of the Visegrad principles, following the dissolution of Czechoslovakia, the Slovak government of Vladimir Mečiar was rather in favor of an Eastern orientation in terms of security policy. At the same time, the first Czech government decided to pursue Euro-Atlantic integration in an individual manner, independently from the other three Visegrad members. However, when evaluating these national policies, one has to remember that in the early nineties NATO itself was also not ready for an enlargement, and this changed only in 1993.

In the late nineties, when the NATO-accession of the Czech Republic, Hungary, and Poland had already been decided, the three states co-operated closely and actively to support the soonest-possible NATO-accession of Slovakia. Getting Slovakia on board was an obvious security - and also defense - interest of the three others. Bratislava joined NATO finally in 2004. With this, the original aims of the Visegrad Cooperation had been achieved, as all of the member countries had joined the Euro-Atlantic structures successfully.

The Visegrad Group and security cooperation nowadays

Currently in the Visegrad region the most important – and practically only – regional security organization is the Visegrad Group itself. Of course, V4 countries are members of many other regional organizations as well, including ones which have security-related activities in their portfolios, but most regional security projects are carried out in the V4 framework. One should keep in mind that all of the V4 countries perceive NATO as the primary guarantor of their security and defense.

In the Visegrad framework, security cooperation is focused mostly on issues of soft security, with special emphasis on energy security and border security. Several middle and large-scale projects are currently being conducted. A so-called Visegrad Security Cooperation Initiative was launched by Czech, Slovak, Hungarian, and Polish experts in order to strengthen the regional security identity, to explore possible fields of cooperation along mutual interests, and also to exchange

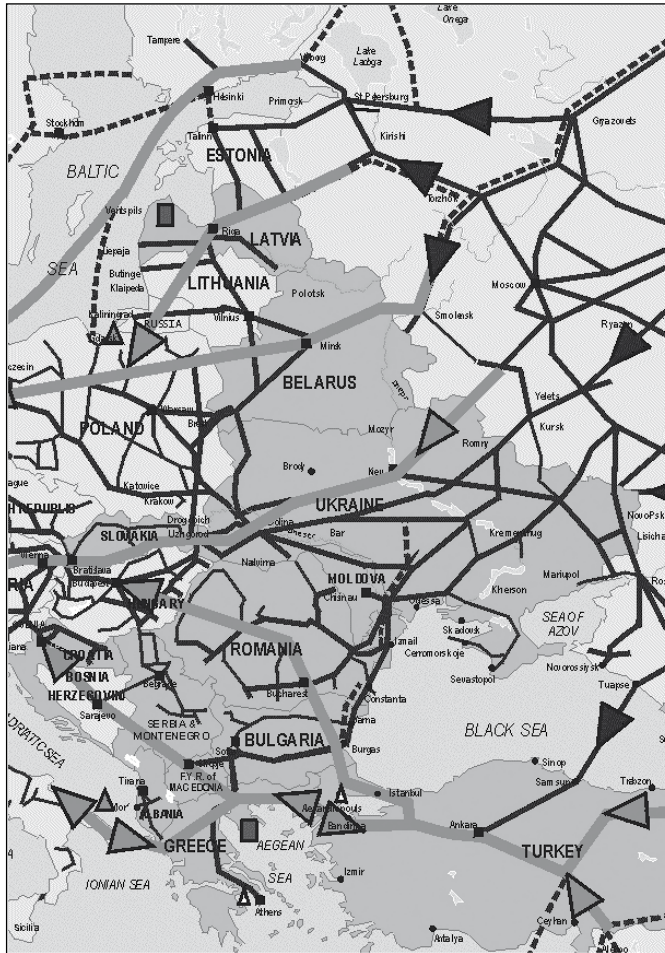
information on security and defense-related issues.⁸⁶ In terms of defense, there are plans to set up a Visegrad Battle Group, composed of forces of the four Visegrad countries and to be offered to the EU for international crisis management purposes.

The International Visegrad Fund, established in June 2000 contributes to mutual security and understanding via providing study and scientific exchange opportunities between the V4 countries, and supporting cultural and cross-border cooperation. The International Visegrad Fund also functions as a common foreign policy tool of the V4 countries towards the Eastern Partnership states, as it supports civil society initiatives and contributes to cultural and scientific exchange.

Energy security

All four Visegrad countries are dependent on Russian natural gas supplies, though to varying extents. Hungary is clearly the most dependent, as Russian gas not only plays a prioritized role in the country's primary energy balance, but Budapest has only one transit route and the country lacks a strategic transit position, a fact that makes it highly vulnerable to price hikes. In Slovakia, all natural gas used is imported from Russia, but the magisterial Russia-EU gas pipeline crosses the country, which gives it a key transit position, thus also a certain security of supply. The Czech Republic imports approximately 60% of its gas consumption from Russia, while the rest comes from Norway. In the case of Poland, more than 90% of her gas needs comes from Russia and there is only one transit route that is highly vulnerable to supply cuts, as was demonstrated by the earlier Russia-Belarus gas disputes.

⁸⁶ For more information, see: Visegrad Security Cooperation Initiative (VSCI). <http://www.ata-sac.org/index.php?cmd=print&sid=244&aid=417>



Existing (thin line) and planned (thick line) gas pipelines in Central-Europe⁸⁷

The main energy security problem of the Visegrad region is related to the dependence on Russian gas supplies, namely to the dual lack of alternative sources and transit routes. Consequently, diversification of gas supply routes is a key and mutual interest of all V4 states. Another problem is the lack of gas interconnectors between the Visegrad countries. As a result, in times of supply crises, the V4 states cannot import gas from each other, even if one has the reserves necessary for helping the other. In order to counter this problem the Visegrad energy security cooperation has currently prioritized the building of gas interconnectors

⁸⁷ Source: <http://www.energyinsights.net/cgi-script/csArticles/uploads/4207/Gas%20Map%20Europe.gif>

both between the V4 states and also in other directions. A Hungarian-Romanian interconnector was finished in 2010; a Hungarian-Slovak agreement to build an interconnector was signed in December 2010. Another way of strengthening regional energy security is to make old East-West gas pipelines bi-directional, thus allowing the import of gas from the West in order to diversify supply routes. All in all, building new interconnectors and reconstructing old gas pipelines will allow the import of gas from future coastal LNG terminals to the landlocked countries of Central-Europe, thus decreasing the dependency on the Russian source and Ukrainian and Belarusian transit routes.

As an example, at their energy security summit in February 2010, the V4 countries together with Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Serbia, Slovenia, and Romania decided to strengthen their energy cooperation through further integrating their gas networks and diversifying routes and sources of supplies. They also called for improving energy cooperation within the EU, thus increasing energy security. More specifically they presented plans to connect the planned Croatian and Polish Liquefied Natural Gas terminals, promoted implementing the Nabucco and the NETS projects, and supported the Constanta LNG terminal and other LNG and CNG projects in the wider Black Sea Region.⁸⁸

Another example of the energy security cooperation between some V4 and GUAM countries is the so-called AGRI project. AGRI is an abbreviation of the Azerbaijan-Georgia-Romania Interconnector, a regional gas transportation project. The Baku-Tbilisi-Bucharest agreement was signed in April 2010. Hungary joined the initiative in September 2010. According to the plan, Azerbaijani gas would be transported to Georgian ports via a land pipeline, from there in LNG form it would be shipped to Romania, and from Romania it would be transported to Hungary – and possibly further to Central-Europe and Western-Europe - via the above mentioned, already interconnected land pipelines.⁸⁹ The overall capacity of the AGRI would be some 7 billion cubic meters of gas annually,⁹⁰ of which Romania could use approximately 2 billion,⁹¹ thus the remaining 5 bcm could contribute to the gas supply diversification efforts of the EU, including the Visegrad states. Currently the AGRI project seems to be the most viable concrete energy security co-operation project between the GUAM and the Visegrad countries.

88 Declaration of the Budapest V4+ Energy Security Summit, Budapest, 24th of February 2010. http://www.visegradgroup.eu/main.php?folderID=859&articleID=27720&ctag=articlelist&iid=1#_ednref1.

89 <http://naturalgasforeurope.com/3483.htm>

90 <http://economie.moldova.org/news/azerbaijan-georgia-romania-launch-lng-project-in-the-black-sea-208221-eng.html>

91 <http://www.news.az/articles/13238>

Regional security and confidence building in the EU's Eastern Neighbourhood

The Eastern Neighbourhood, and particularly the GUAM countries are of key importance for the European Union in terms of ensuring regional security in the broader terms. However, below only the narrower, defense-related aspects of security are going to be studied.

No enlargement, only stable neighborly relations

Both the original European Neighborhood Policy and the Eastern Partnership initiative use a clear wording: they in no way mean any kind of accession perspective for the targeted countries, thus these policies must not be perceived as gateways to EU membership. The lack of membership perspective is regularly criticized by experts⁹², who argue that the Union deliberately deprives itself of its most effective foreign policy tool and most effective motivation method, however, these complaints obviously do not change the facts. Thus, regarding the political perspectives offered to the neighbors, Romano Prodi's famous quote seems to be valid: neighbors may "share everything with the Union, but institutions." However, as Italian analyst Alberto Chiosi pointed out already in 2006, even this promise was not likely to be fulfilled, simply because the EU has been unable to give the same economic advantages to the neighbors as it gave to its poorest members.

Besides, the EU has also been unable to prevent various crises in the common neighborhood from happening, let it be the January 2009 gas crisis in Ukraine or the post-election crisis in April 2009 in Moldova. Political support provided by the EU was weak and indecisive in both cases, as were the economic actions. Under such circumstances it is not too surprising that all of the countries of the common neighborhood tend to show signs of disillusionment about the ENP.

Neither the new EU-Ukraine Association Agenda adopted in November 2009, nor the new Association Agreement offered to Moldova are likely to change the lack of an attractive political offer, which would fundamentally change the nature of their relations with the EU. Reading the List of EU-Ukraine Association Agenda Priorities for 2010, jointly adopted by the EU and Ukraine on January 26, 2010,

⁹² *Duleba, 2008*

not much is seen of the “further political association” promised in the Association Agenda. Instead, the envisioned political dialogue is going to focus on democracy, rule of law, human rights, and fundamental freedoms to be ensured in Ukraine,⁹³ besides providing technical assistance in fields like border demarcation, custom systems upgrade, etc. All in all, one can summarize these developments as approximation offered to the Eastern neighborhood in fact means facilitating reforms within the Eastern neighbors, and not reforming them with the EU.

Cooperation in security and defense and issues of territorial integrity

In the field of security and defense policy, the EU has limited objectives and offers related to the common neighborhood. The idea of an active ESDP involvement came up as early as 2003, during the Dutch OSCE presidency. The possibility was even mentioned in the `Wider Europe` concept, however, at that time the plan was aborted. Concerning current involvement, in the three countries studied there is only one, a relatively small-scale crisis management mission going on, the EUBAM, which assists in controlling the Moldovan-Ukrainian border, thus contributing not only to the fight against organized crime, but also indirectly to the settlement of the Transdnistrian conflicts. Besides the EUBAM, two other missions have been conducted in Georgia: the first-ever civilian mission of the EU, the THEMIS in 2004-2005, and the still on-going EU Monitoring Mission, which was begun following the war in Georgia in 2008.

Generally speaking, the presence of EU crisis management operations on the ground indeed does contribute to conflict settlement between Moldova and its Transdnistrian parts. However, the situation is fundamentally different in Georgia, where the EU monitors have no access to the separatist regions of Abkhazia and South-Ossetia.

Ukraine

Of the four GUAM states, EU cooperation is most intensive with Ukraine in the field of security and defense. Kyiv already has a long record in cooperating with the EU in security and defense policy issues, which actually began well before the “Orange Revolution.” In the early 2000s Ukraine perceived ESDP-cooperation as a way of promoting itself as a reliable candidate for accession. Since then, this has

93 EU-Ukraine Association Agenda, 2010:6-13

mainly prevailed as the leitmotif of Ukrainian attitude to the ESDP. Cooperation with NATO has contributed a great deal to the efficiency and professionalism of the Ukrainian armed forces, which, of course, has positively affected their value and contribution to the ESDP as well.

In the fields of security and defense policy, the currently valid EU-Ukraine Association Agenda prescribes to study the opportunities of how Ukraine could contribute to future ESDP operations, as it already has on numerous missions in the Balkans. Special attention is being given to the option of Kyiv participating in the “ATALANTA” naval operation, and to a possible Ukrainian contribution to an EU Multinational Tactical Battle Group. In cooperation against common security threats, such as WMD proliferation, trafficking of nuclear materials, the EU offers support in increasing Ukraine’s border security, provides assistance in developing the Ukrainian export control system and regulations, and there are also plans of joint EU-Ukraine involvement in handling the stockpiles of land mines and outdated ammunition in the country. Cooperation on the fight against organized crime is also an important element, together with border security issues, to which the EU Border Assistance Mission actively contributes.

Moldova

With Moldova the EU-involvement in issues of security and defense is centered on the Transdnistrian conflict, as the Action Plan prescribes. Since December 2005 there has been an EU Border Assistance Mission (EUBAM) active on the Moldovan-Ukrainian border. The mission provides widespread operational and technical assistance to Moldovan and Ukrainian border services, and thus contributes to the fight against various types of organized crime. The mission enjoys generous support both from the Moldovan and Ukrainian sides, and operates mostly from Ukrainian territory, with its operational centre in Odessa.

The EU has also managed to get involved in the re-started 5+2 negotiation format. This Action Plan also prescribes cooperation on various issues of soft security, such as trafficking, organized crime, handling of old ammunitions and landmines, and border security. Concerning the latter, through the aforementioned EUBAM mission the EU has strengthened its presence in the region, and has contributed significantly to regional security. Besides its direct presence, EUBAM works also as a facilitation forum between Moldova and Ukraine: on February 16, 2010 the third meeting of the Heads of National Security Services took place in Odessa, organized by the EUBAM.⁹⁴

94 <http://www.eubam.org/index.php?action=show&sid=chdn5pljelqbe7nl3vsgat3fug3zcc7e&id=790>)

Georgia

The European Union has been actively participating in security cooperation with Georgia, especially through the EU crisis management missions launched to the country. The first one was the EUJUST Themis mission that was launched in 2004, shortly after the successful 'Rose Revolution'. This mission was the first ever civilian operation conducted in the framework of the European Security and Defense Policy. The task of the Themis was to assist the judiciary reform of Georgia by providing expert assistance. As the mandate of the mission was only one year, and the objectives were met, in 2005 the Themis was terminated.

A second EU crisis management mission was launched following the August 2008 war between Georgia and Russia. The main objective of the European Union Monitoring Mission is to monitor the implementation of the ceasefire agreement that ended the conflict. As the primary task is monitoring, participants of the EUMM are unarmed. The main weakness of the mission is that the Russian party does not allow EU monitors to work in the separatist 'republics' of Abkhazia and South-Ossetia, though de iure these regions are integral parts of the territory of Georgia. From this aspect, though the EUUM is basically successful in fulfilling its monitoring task, it cannot contribute significantly to the protection of the territorial integrity of Georgia. Moreover, since the Russian recognition of the 'independence' of the two separatist territories, chances of a peaceful resolution have become even lower than they were before August 2008. At this point, the EUMM can only monitor the status quo, but cannot contribute to any change in it.

Azerbaijan

Of the four GUAM states, security and defense cooperation with the EU is the least intensive with Azerbaijan. Though Baku has been facing territorial separatism in Nagorno-Karabakh since 1988, an international settlement mechanism, the so-called Minsk Group was set up only in 1992 by the predecessor of the OSCE, the Conference for Security and Cooperation in Europe. Though in the Minsk Group France is one of the three co-chairs, the EU itself plays no institutionalized role in the conflict settlement. Chances of any close EU-Azerbaijani security cooperation are additionally weakened by the fact the Baku perceives many Western countries as potential allies of Armenia, due to the large Armenian Diasporas living there.

However, the EU still plays an important role in the resolution of all South-Caucasus territorial conflicts via its Special Representative for the Southern-Caucasus (EUSR). The most important feature of the EUSR activities is that the same person can represent the EU in all regions and countries involved in the conflict. EUSR could cross all borders without any problems, was equally well received in

Yerevan, Baku, and Tbilisi, and he was also able to visit Sukhumi while his advisors made it even to Stepanakert.

However, with the setup of the EU External Action Service, the position of the EU Special Representatives is most probably going to be eliminated, and their tasks will be taken over by the EU delegations in each and every country of the region. In the Southern-Caucasus the cancellation of the EUSR is perceived very negatively: many experts and politicians feel that the EU is 'downgrading' the region by recalling its Special Representative.

Regional security and confidence-building in the Western Balkans

EU integration can be key in locking the region into a virtuous cycle of long term security and development. However, bringing about the next enlargement round seems to be more of a challenge than ever before, whereas the stakes are also undoubtedly high, involving vital European security interests. On the one hand, the candidate and potential candidate countries of the region have to meet stiffer conditionality requirements than the former candidates from Central and Eastern Europe. These include demands seeking to address challenges related to state building, post war reconstruction and stabilization, the fostering of good neighborly relations among states, regional cooperation, the return of refugees, ethnic and religious reconciliation, and cooperation with the International Criminal Tribunal for Yugoslavia in The Hague. While conditionality became more demanding, commitment of the EU to further enlargement has been wavering in the face of tougher than expected institutional reform and the deepening world economic crisis.

Several issues could potentially undermine the European prospects of South Eastern Europe. On the EU's side, on the one hand, the inability to speak in one voice and the ambiguous nature of conditionality policy hide the greatest risks to the enlargement process, which might undermine the credibility of the promise of EU integration. In the region, on the other hand, unfinished statehood issues, problems related to the rule of law, and the potential social consequences of the current economic crisis represent the most serious dangers.

In general, there is a general consensus in the EU over the European perspective of the Western Balkans unlike with regards to Turkey's or the Ukraine's. Now that the Lisbon Treaty has been ratified, the EU seems to be getting into a more pro-enlargement mood. The European Commission recommended giving can-

didate status to Montenegro in its recent progress report, Serbia's application for membership was sent for opinion to the Commission by the Council, a few months after the Council finally approved launching the ratification process of Serbia's SAA. Since December 2010, Bosnian and Albanian citizens have also enjoyed a visa-free regime with the EU, similarly to their Serbian, Montenegrin, and Macedonian counterparts who gained this privilege a year ago.

At the same time, the credibility of conditionality and enlargement fatigue in the existing EU have been the major factors that could potentially undermine the enlargement process in the future. While the EU most often makes normative claims, it is often driven by the security considerations or special interests of member states, which generates tensions within conditionality policy.⁹⁵ Sometimes, pressure from EU member states dictates an enlargement agenda that reflects the preferences of individual countries, such as the Netherlands blocking the implementation of Serbia's SAA (an obstacle which was removed recently), Greece boycotting the launching of membership negotiations with Macedonia, or the recently renounced Slovenian threat to block the accession of Croatia due to their maritime border issue. Understandably, conditionality driven by selfish motives of member states does not motivate compliance.

The second issue is the so-called 'enlargement fatigue', which has characterized the EU especially since 2005, when the French and Dutch rejected the EU constitution. As a result, conditionality demands became stricter; the requirement of the EU's absorption capacity began to be voiced more loudly. Although the Irish vote in favor of the Lisbon Treaty removed a major obstacle to further enlargement, with the re-election of Merkel as the German chancellor and the general victory of the European right in the recent European elections, skepticism regarding further enlargement is not going to go away in the foreseeable future.

The EU gave a clear "European perspective" to the Western Balkan states at the Thessaloniki Summit in June 2003, a promise which has been reaffirmed on several occasions since.⁹⁶ Yet, the inability of the EU to speak in one voice undermines the viability of this perspective and therefore the efficiency of condi-

95 Othon Anastasakis, "The EU's political conditionality in the Western Balkans: Towards a more pragmatic approach", *Southeast European and Black Sea Studies*, Vol. 8, No. 4, December 2008, 365-77.

96 *EU-Western Balkans Summit, Thessaloniki*, "The Thessaloniki agenda for the Western Balkans", Declaration, 21 June 2003, http://ec.europa.eu/enlargement/enlargement_process/accesion_process/how_does_a_country_join_the_eu/sap/thessaloniki_agenda_en.htm; Slovenian Presidency of the Council of the European Union, Permanent Council No. 718., "Presidency Conclusions of the Brussels European Council from 19-20 June 2008 on the Western Balkans", 26 June 2008, http://www.delvie.ec.europa.eu/en/eu_osce/eu_statements/2008/June/PC%20no.718%20-%20EU%20conclusions%20Western%20Balkans.pdf; *The Salzburg Declaration, Salzburg EU-Western*

tionality and of the enlargement process. While some of the old member states, primarily the Netherlands, France, and Germany tend to step on the brakes, the newer members together with Austria, Ireland, the UK, and the European Commission push for moving ahead with the process.⁹⁷ All this sends mixed signals to would-be-member countries as the awards of compliance seem to be ever more uncertain in the face of a divided EU. As the EU is pushing the actual date of accession indefinitely into the future, governments could lose courage to go against their constituency while trying to fulfill demands, especially those that touch upon sensitive issues related to national identity.

The EU should clarify its conditionality policy, as making the process more transparent could encourage better compliance on behalf of the target countries. Pure political conditionality should be separated from functional conditionality, and, as was done in the case of Central Eastern Europe, their fulfillment should be tied to final accession or to the opening of accession negotiations. Political conditionality should not frustrate a state's graduation other than in cases of overt setbacks.

In addition, functional conditions should be linked to particular policy fields, such as increased volumes of structural aid being conditioned on meeting adequate standards in financial control and anti-corruption policies. Turkey joining the EU's customs union could be tied to its application of the EU's customs regime.⁹⁸ Clarifying the EU's conditionality policy through similar measures could prevent the mingling of normative, security, and functional claims.

Risks within the region

The economic crisis

Vladimir Gligorov assesses that the social consequences of the economic crisis are yet to be felt in the Western Balkans in fullness. As these countries hugely rely on foreign borrowing and have to deal with significant trade deficits, even

Balkans Joint Press Statement, 03. November 2006, http://www.eu2006.at/en/News/Press_Releases/March/1103/EUWesternBalkansStatement.html;

EU Presidency Statement Declaration, Declaration by the Presidency on Western Balkans, 2 April 2009, <http://www.eu2009.cz/en/news-and-documents/news/eu-presidency-statement-14119/>.

⁹⁷ Geoffrey Pridham, "Change and Continuity in the European Union's Political Conditionality: Aims, Approach, and Priorities," *Democratization*, Vol.14, No.3, June 2007, pp.446-471, 467.

⁹⁸ Michael Emerson, "Recalibrating EU Policy towards the Western Balkans", *CEPS Policy Brief*, No. 175, October 2008, 9-10.

if growth kicks in, labor markets are expected to remain depressed in the near future. Although the region is currently recording a 4-6% growth on average after general contracting trends in 2009, this does not trickle down in employment increases, since as a side effect of the crisis, governments have to pay back the debt from the additional income economic growth generates. Thus, despite positive growth trends, employment is expected to decline further and will continue to be negative in many of the countries. Serbia was hit the worst in terms of employment; between April 2008 and April 2009 450 000 jobs were lost, that is 25% of all jobs, which has a huge impact. What is worse, this negative trend is far from over. Croatia faces a similar problem throughout this winter, between 30 000 and 50 000 jobs are likely to vanish. This is a serious issue because employment levels were already low before the crisis hit, around 40%. Falling income levels can be predicted and, therefore, social tensions could increase easily, which might lead to a change of government in Serbia and Croatia. In Bosnia and Kosovo mobilization because of social hardships is not very likely due to the general awareness that public expression of social dissatisfaction might work for the “enemy nation” weakening the national cause.⁹⁹ Although social discontent is unlikely to lead to wider mobilization in Bosnia, for instance, the cutting of public-sector wages and war veterans’ benefits as a part of an IMF loan package and the further rise in unemployment significantly weakens the chance of reaching a compromise on the constitutional issue.¹⁰⁰ Similarly, in Serbia, the DS led government is coming under increasing pressure due to strikes and protests generated by the economic crisis. The government had to implement further cuts in employment and public sector spending in order to meet the deficit targets agreed upon with the IMF. A series of strikes in early 2010 indicates wide social discontent over low and unpaid wages.¹⁰¹

If the middle class, which in the recent years began to stabilize its position, falls victim to the crisis, that in turn could disrupt social peace, which could even endanger the accession process of the region. Such worries are not without grounds considering the high level of unemployment rates: around 20% in Serbia, 33% in Macedonia, 44% in Bosnia, and over 45% in Kosovo.¹⁰² Social stability and

99 Presentation by Vladimir Gligorov, The Vienna Institute of International Economic Studies, at the conference “Reaching out to the Balkans in times of crisis,” organized by the Woodrow Wilson International Center for Scholars, and ELIAMEP, Athens, 12-14 November 2010.

100 *Economic Intelligence Unit, Bosnia and Herzegovina, “Country Report - Main Report,” 1 October 2009, www.eui.com.*

101 *Economic Intelligence Unit, Country Report, Serbia, February 2010, 6.*

102 *Economic Intelligence Unit, country reports, www.eui.com.*

cohesion is thus relatively fragile and can be easily broken. That in turn might boost the popularity of nationalist parties, which might even lead to renewed low-scale, inter-ethnic violence. Although it is hard to predict the probability of such pessimistic scenarios, the risks are real, therefore the EU should upgrade its economic assistance in the region to avoid a social backlash, which might weaken pro-EU political forces and their social base.¹⁰³

The EU has been pushing for regional cooperation among the Western Balkan states, which was primarily facilitated by the Stability Pact for South East Europe (recently renamed as the Regional Cooperation Council). Promoting regional cooperation became also an important goal of the Stabilization and Association Process (SAP). Embedded in the Stability Pact's second working table, CEFTA is the region's trade cooperation framework, which, however, has not been functioning in a very efficient manner. CEFTA tariffs are higher and more diverse than those of the EU and, thus, allow for more trade diversion, plus the countries are burdened by the current system's complicated rules of origin.¹⁰⁴ In addition, Serbia has been rejecting "Kosovo Customs" stamps which are meant to certify the origin of goods for Kosovo since Kosovo proclaimed independence. This move obstructs Kosovo's proper participation in CEFTA trade.¹⁰⁵

The other major field of cooperation is infrastructure development, which was the primary focus of the Stability Pact. However, the overall outcome of the cooperation was a big disappointment for various reasons. In Bosnia, internal borders obstruct cooperation in infrastructure development, while in the region generally, local entrepreneurs are not as interested in trade liberalization, the free market, and regional cooperation as they are busy maintaining their protected national markets.

Although corruption is endemic, perhaps an even more serious problem is a state strongly influenced by big firms. These companies are typically mostly engaged in import activities rather than in export, and thus are less interested in trade liberalization. The strong influence of business monopolies over political and economic structures poses one of the greatest systemic difficulties in Serbia today. As Srđan Cvijić has argued in a policy brief, powerful businesses keep a firm grip on the political parties, which leads to non-transparent party financing,

103 "Regional envoy warns economic crisis could spark new political turmoil in Balkans", *SETimes*, 2 April 2009, www.setimes.com.

104 S. Kathuria (ed.), *Western Balkan Integration and the EU – An Agenda for Trade and Growth*, World Bank, 2008.

105 United Nations Security Council, "Report of the Secretary-General on the United Nations Interim Administration Mission in Kosovo," 10.06.2009, 9.

prevents liberalization of markets, and drives up domestic prices, thus distorting competition. Simultaneously, party leaders strongly control their parties, as mandates cannot be exercised freely by deputies but effectively belong to the parties. As a result “undisciplined parliamentarians” can be kicked out by the party leadership. This kind of centralization of the political system, together with the parties’ dependence on businesses, breeds corruption and prevents further progress in the area of de-politicization of public administration and spoils efforts to create an independent judiciary.¹⁰⁶ This is a problem that cannot be addressed through anti-corruption measures. The result is lagging liberalization; moreover, there is no real interest in the region to bring about true regional cooperation.

The EU appropriates funds to the Western Balkan countries through the Instrument for Pre-Accession (IPA), which replaced the previous CARDS program. Yet, the IPA funds available for the Western Balkans are considerably less than the amount of pre-accession resources before the enlargements of 2004 and 2007, (the Western Balkans countries receive only half of the assistance that was given to Romania and Bulgaria in 2006, before their accession). Moreover, due to the differentiation between potential and actual candidates, the countries most in need cannot access funds in the most important fields of development.

A way of dealing with this problem could be by gradually increasing the structural funds available to the countries of the region towards the levels granted to the new member states. This could also serve as a very tangible incentive to carry out reforms related to the judiciary and fighting corruption. The EU could use conditional funding in an effective way to ensure the implementation of judicial and anti-corruption reforms before accession.¹⁰⁷

A recent World Bank study called for including the Western Balkans in the EU’s customs union. The accession experience of the Central Eastern European states also indicates that a customs union which induces intra-industry trade is a major engine for economic development. This could speed up the region’s economic integration into the EU and could stimulate economic progress. At the same time, this would be a positive sign to investors who would treat the region as part of the EU’s internal market, while reducing incidences of border corruption.¹⁰⁸

Moreover, the EU plans to sign a Transport Community Treaty with the countries of the Western Balkans, which was expected before the end of 2010, but

106 *Srdan Cvijić*, “The new Serbia: fast forward towards the EU?”, Policy Brief, European Policy Centre, January 2009.

107 Michael Emerson, “Recalibrating EU Policy towards the Western Balkans”, CEPS Policy Brief, No. 175, October 2008, 6-7.

108 Michael Emerson, 4-5.

still is under negotiations. The treaty establishes a common transport community between the EU and the Western Balkans, fostering the latter's integration into the EU's single market. Besides creating a single market in transport, the treaty envisages legal harmonization with EU laws concerning transport and the development of core transport networks planned for the region, as well as making border crossing easier.¹⁰⁹ In addition, in December 2009, the European Commission, the Council of Europe Development Bank (CEB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), and bilateral donors established the Western Balkans Investment Framework, which is a financing initiative which pools grant resources for priority infrastructure financing in the South East Europe.¹¹⁰

The Danube strategy, to be finalized during the Hungarian presidency, is a further opportunity for infrastructural cooperation and development. It is a macro-regional program with specific initiatives including environmental, infrastructure, and energy projects, which have a real potential to connect the Western Balkans to the EU in a meaningful and practical way. Yet, its real significance is yet to be seen, as currently there are no additional funds available for its financing.

Outstanding issues of 'stateness'

Bosnia

As the risk of renewed ethnic violence has diminished considerably, the greatest challenge is now how to make the state functional. The constitutional order based on the Dayton Peace Accords (DPA) is intensely contested: The Serbians are demanding closure of the OHR and claiming their right to hold a referendum on independence, while the Bosnians want a centralized state. While both of these positions are unfeasible, they both challenge the DPA, yet are mutually exclusive, making a compromise very hard to reach. However, if the country remains in its present, divided form, the EU will be unable to negotiate further with Bosnia towards membership. Although the EU imposes conditionality on the state, the Bosnian state can act only on the basis of a consensus among both the entities and the three constituent nations.

109 "Transportation Issue in the Balkans," 2.7.2010. www.trt-world.com.

110 Western Balkans Investment Framework, <http://www.wbif.eu/About/>.

The next issue on the agenda is the handover from the OHR to the EUSR. It is not yet clear what will be the competencies of the new EU mission, more precisely whether it will have any of the same powers as Bonn. Most EU member states would favor giving it a weaker mandate, while the US and the UK want it to retain some of the “hard” prerogatives, which could be used as a last resort in defense of the Dayton Agreement.¹¹¹

In light of the irreconcilable positions of the Bosnian and the Serbian sides, the worsening political climate, and the economic crisis, it is questionable whether Bosnia is ready for a weak EU envoy deprived of the OHR’s strong legal powers.¹¹² Yet, the existence of the OHR serves as a perverse incentive allowing Bosnian politicians to shift political responsibility to the OHR. The OHR thus, incidentally, poses an obstacle to much-needed constitutional changes. If a solution is not found soon to the country’s ills, there is a danger that Bosnia will remain a dysfunctional state for a considerable time, remaining outside of the enlargement process, characterized by social tensions, marginalization, and a lack of economic development, thus continuing to be a source of soft security threats for the whole region.

The visa liberalization process showed that the EU has considerable leverage over Bosnian politicians when it offers tangible rewards coupled with credible conditionality.

In May 2009, when the European Commission published its negative assessment of the country’s visa progress as a result of which Bosnia was not included in the first wave of visa liberalization, it impelled the country to make remarkable progress. The Bosnian parliament adopted important laws in an urgent procedure related to border control, military equipment, international legal aid in criminal matters, the prevention of money laundering and financing of terrorist activities, accelerated the process of introducing biometric passports, and adopted a law in September 2009 to establish an anti-corruption agency. The visa liberalization demonstrates well how the perspective of tangible benefits can motivate otherwise uncompromising Bosnian politicians to cooperate and reach difficult agreements

As several analysts have recently argued, what Bosnia needs is clearly articulated, specific conditions that it needs to meet rather than high level political meetings in the international media spot light where the country’s constitutional ills would be solved at once by a ‘magic bullet’. While high publicity does not fos-

111 Florian Bieber, “EU and Nato and Bosnia”, 25.12.2009, <http://fbieber.wordpress.com/2009/04/03/do-we-need-to-worry/>.

112 “Bosnia’s future, A tearing sound”, *The Economist*, 4.4.2009.

ter large or small compromises, the visa liberalization process has shown that the country can adopt the necessary measures in an efficient way when conditions are clear and the rewards are clear and immediate. Thus, the fact that the Hungarian presidency will not hold another high level summit on the constitutional reform is probably a wise decision, as more is likely to be achieved by pursuing quiet, less politicized incremental changes. One such approach could be to encourage amendment of the Bosnian constitution so that it would not discriminate against individuals who do not belong to the three constituent nationalities. The European Court of Human Rights ruled in December 2009 that the exclusion of Jews and Roma from Bosnia's highest state offices is unlawful discrimination, which should be a reason to remove all discriminatory provisions from the country's constitution.¹¹³

Kosovo

Kosovo's various ills are related to its unclear status. This problem is unlikely to be solved any time soon, as recognition of its statehood cannot be expected from Serbia and the remaining five EU member states in the foreseeable future. This seems to be the case, despite the recent ruling of the ICJ on Kosovo's declaration of independence, which the court ruled was not against international law. In reality, Kosovo's independence is limited and its status is not much clearer than was before. Blurring the lines of responsibility, international authorities, the International Civilian Office (ICO), the European Union's Special Representative (EUSR), EULEX and UNMIK all share some degree of state sovereignty in various areas.¹¹⁴ Kosovo was able to join the WTO and IMF, but entering other international institutions such as the UN will be a challenge due to Russian, Serbian, and other countries' refusal to recognize its independent status.

Institutional confusion disturbs not only its international position, but also its internal functioning, which can be best illustrated by the situation of Peter Feith who is the International Civilian Representative (ICR). His schizophrenic status is a result of his doubly detested mandate. He, as the EU's Special Representative, must be status neutral, yet he is, at the same time, the head of the ICO, which is in charge of implementing the Ahtisaari plan that explicitly endorses Kosovo's independence.¹¹⁵ As five EU member states oppose independence, they do not recognize Peter Feith as the head of the ICO. These countries accept him

113 Human Rights Watch, European Court: Landmark Ruling on Racial and Religious Exclusion, 22.12.2009. <http://www.hrw.org/en/news/2009/12/22/european-court-landmark-ruling-racial-and-religious-exclusion>.

114 Florian Bieber, "Kosovo: One Year On", Open Democracy, 17.02.2009, www.opendemocracy.net.

115 See the website of the International Civilian Office in Kosovo, www.ico-kos.org.

only as the EUSR, which could undermine his position and the policies he is willing to undertake.¹¹⁶

Moreover, it is difficult to see how economic progress could develop in a country which, due to its contested status, will hardly be regarded as a secure business environment by foreign investors. Under the present economic circumstances where 45% of the population lives on under 1,5 US dollars a day and unemployment is around 45%, social peace can be hardly expected, even without the existing ethnic divides.¹¹⁷ Therefore, encouraging economic development is key to Kosovo's security and should be a high priority for the EU and the international community in Kosovo. As a very important step, obstacles which prevent Kosovo's participation in the CEFTA cooperation should be removed.

Economically, northern Kosovo is better off than its south due to Serbian investment, yet it continues to be an unstable zone, which is controlled by local Serbs and Serbia, where Pristina has practically no authority. An resurgence of ethnic violence remains a true danger and the rule of law is mostly absent. These municipalities operate according to Serbian law, and since neither local administration nor Serbia's courts in the north are willing to use the Kosovo Police, nothing can be enforced. Serbian judges cannot hear criminal cases; as a result, apart from 12 criminal cases heard by EULEX judges in 2009, there has been no criminal justice in the Mitrovica District. Albanian judges operating under Kosovo law cannot return to the Mitrovica court due to Serbian resistance, while EULEX has not deployed enough international judges to make up for the absence of local ones, even though international judges would be acceptable to both the Albanian and Serbian parties.

The main source of insecurity used to be the border crossings between Serbia and Kosovo where smuggling of fuels and other goods had been flourishing. This was significantly reduced by Serbia through a serious crack down on smugglers, as Serbia suffered most of the damage in the form of lost revenue. At present EULEX controls the border crossings that were burned down in February 2008 and subsequently rebuilt. However, checking people entering from Serbia to Kosovo is usually not very systematic and thorough, as EULEX is unwilling to exercise full customs control until the political situation has been clarified. Border crossings thus practically serve as a police checkpoint for Serbian citizens, as their data are not entered into computers, and as a true border crossing for everybody else. Due to this, the borders are not fully secure and various criminal activities such as

116 ICG, "Kosovo's Fragile Transition", Crisis Group Europe Report N°196, 25 September 2008, www.icg.org, 11.

117 Thomson Financial News, "Kosovo economy bleak, year after independence move", 13.02.2009.

drug trafficking are ongoing, posing significant soft security threats to the whole region and beyond.¹¹⁸

Moreover, a remaining source of tension is the situation of Serbs in Kosovo, especially in the South. Although Kosovo's laws and its recently adopted constitution grant far reaching rights to minorities, including the right to local self governments with strong prerogatives and the creation of special protective zones, their personal safety still cannot be guaranteed. Despite far reaching cultural rights, Kosovo Serbs face considerable intimidation. Interethnic tensions and low scale ethnic violence have continued since Kosovo's proclamation of independence.¹¹⁹ Unsurprisingly, less than 10% of the Serbs who fled Kosovo since 1998-99, including those who left during the riots in 2004, returned; and considerably fewer people came back after the declaration of independence than in the previous years.¹²⁰ It is an encouraging sign that Kosovo Serbs living in the south cast their ballots in increasing numbers during Kosovo's recent elections, disregarding calls for a boycott coming from Belgrade. Unlike their ethnic kin living in the north, southern Serbs seem to be willing to accept Kosovo's new reality and participate in its political life.¹²¹

Although Serbia has remained committed to its policy of non-recognition of its former province's independence, in practice its stance has softened somewhat since the new DS led government took office in 2008. Due to an agreement between the EU and Belgrade, EULEX could be deployed in the north on the condition that it remained status neutral and functioned fully under UN auspices.¹²² In September 2010, the UN General Assembly passed a joint Serbian-EU resolution in which 'the EU pledged to foster "a process of dialogue between the parties" to bolster security in the Balkans and help Serbia and Kosovo in their efforts to join the EU.' Due to early elections in Kosovo in December 2010, the talks addressing technical questions such as "co-operation on border protection, customs, trade and economy, transport, telecommunications, care for historical and cultural heritage, and the fight against organized crime" could start in February 2011. The Kosovo side is not that keen on the dialogue, as its priority is seeking further

118 ICG, *The Rule of Law in Independent Kosovo*, Crisis Group Europe Report N. 204, 19.05.2010, 18-22.

119 Website of the US Department of State, Bureau of Democracy, Human Rights, and Labor, "2008 Human Rights Report: Kosovo," 25.02.2009.

120 Between January and November 2008, UNHCR registered only 533 returnees, compared to the 1.815 who returned in 2007 or the 1.669 who returned in 2006. Source: "2008 Human Rights Report: Kosovo", 25.02.2009.

121 "Turnout and results unclear in Serb areas," B92, 12.12.2010.

122 "EULEX Receives Green Light", B92, 27.11.2008, www.b92.co.yu.

recognition and consolidating its institutions, while it sees the talks as “a way for Serbia to keep its foot in the door,” i.e. as another opportunity for putting the status issue back on the agenda.¹²³ In fact, as Oliver Ivanović, state secretary of the Serbian government responsible for Kosovo argued, “every technical question comes to the state issue”.¹²⁴ Yet, according to the stance of the Kosovo government, “if Serbia says they will never recognize Kosovo, why should Kosovo talk to them?”¹²⁵

Altogether, Kosovo’s situation can be characterized best as a frozen conflict which could seriously imperil Serbia’s and Kosovo’s EU accession process. Without the recognition of all the EU member states, it is hard to imagine how Kosovo could become a member. This fact in itself seriously reduces the EU’s leverage on Kosovo as a normative power where the US continues to have the greatest leverage. In addition, until Kosovo is characterized by such legal, political, and institutional instability, the problems of organized crime and corruption cannot be seriously addressed.

Clearly, Serbia cannot join the EU with disputed borders, while Kosovo cannot function as a normal state under the present conditions (not to mention pursue its EU accession). Since the legal resolution of the status question is obviously out of sight for the foreseeable future due to Serbia’s resistance, the best the EU could do is facilitate a dialogue between the parties over practical matters.¹²⁶ In addition, the EU is planning to give a visa liberalization road map to Kosovo and sign a trade agreement with its government soon, which are important steps to

123 Ylber Hysa, Government Coordinator for the North, Prishtina. Presentation at the conference “Reaching out to the Balkans in times of crisis,” organized by the Woodrow Wilson International Center for Scholars, and ELIAMEP, Athens, 12-14 November 2010.

124 Oliver Ivanović, State Secretary, Ministry for Kosovo and Metohija, Mitrovica. Presentation at the conference “Reaching out to the Balkans in times of crisis,” organized by the Woodrow Wilson International Center for Scholars, and ELIAMEP, Athens, 12-14 November 2010.

125 Ylber Hysa cited at the conference, “Reaching out to the Balkans in times of crisis,” organized by the Woodrow Wilson International Center for Scholars, and ELIAMEP, Athens, 12-14 November 2010.

126 As an illustration of the various everyday life problems stemming from Serbia’s non-recognition of Kosovo the issue of property restitution can be mentioned here. Many Kosovo Serbs in North Mitrovica occupy properties of Kosovo Albanians, while Kosovo Albanians in the southern part continue to inhabit Kosovo Serbs’ property. Some 21.000 property related claims remained outstanding by the end of 2008 mostly belonging to Kosovo Serbs, which cannot be settled because after the Kosovo Property Agency (KPA) was transferred to the Kosovo government’s jurisdiction, the Serbian government suspended KPA’s right of access to the relevant documents. Website of the US Department of State, Bureau of Democracy, Human Rights, and Labor, 2008 Human Rights Report: Kosovo, 25.02.2009.

prevent Kosovo's total isolation and marginalization and keep it from becoming a black hole within Europe.

The Serbian minority deserves more attention from the international community, which could potentially earn some credibility for the EU in Serbia. Mostly rock throwing, other forms of intimidation, and illegal occupation of properties prevents minorities from returning; moreover there were frequent reports about Kosovo Albanians destroying Kosovo Serbs' private property with the intention of intimidating them and hindering their return. Importantly, while "real and perceived security concerns restrict the freedom of movement" of Serbs, cultural rights seem less important or relevant.

Finally, the EU should keep up pressure on Serbia not to obstruct policies which aim at improving the situation of the Serbian minority in Kosovo. Granting candidate status could be hinged on Serbia ceasing to demand that Kosovo Serbs boycott elections and stay away from working for public institutions.

Macedonia

The name dispute with Greece might easily undermine Macedonian hopes for moving forward toward EU integration as it has stalled the country's accession process since 2005 and jeopardized its joining NATO. Yet Macedonians also significantly contributed to the deterioration of Greek-Macedonian bilateral relations by bringing the issue before the ICJ and further provoking Greek nationalist sentiments. Erecting a statue of Alexander the Great in the middle of Skopje, renaming the airport and highway after him, and publishing the 'Macedonian Encyclopedia' which infuriated not only Greece but Kosovo Albanians and other neighbors as well (that was subsequently withdrawn under pressure from the US and UK), are indications of the reluctance of Skopje to assume a more compromising stance.¹²⁷

If Greece continues to block Macedonia's EU accession, which is more likely in light of the latest Macedonian moves, it is feared that relations between the Albanian minority and Slav Macedonians might deteriorate. As the promise of EU and NATO accession was the common goal uniting Albanians and Slav Macedonians underpinning also the Ohrid Agreement, losing the European perspective might easily undermine security and ethnic harmony.¹²⁸

127 "Macedonia embroiled in encyclopedia row," *www.euractiv.com*, 13.10.2009.

128 This was the opinion Ivica Bocevski, Macedonia's deputy prime minister shared by many including international analysts. "Troubled Macedonia, The name game", *The Economist*, 04.04.2009. See also: interview of Teuta Arifi, DUI vice president by ICG, cited in: ICG, "Macedonia's Name: Breaking the Deadlock", 4.

The recent election victory of George Papandreou's left wing Pasok raised hopes that Greek-Macedonian relations might thaw in the near future.¹²⁹ Macedonia can hardly hope for a better Greek prime minister in order to find a way out of the crisis, which is why the ball is now in the Macedonian court to adopt a more accommodating approach and stop playing the "Greek card" for its domestic audience.

Identifying cross-regional opportunities

As has been argued throughout this paper, the circle of the most committed allies of South East Europe does not overlap neatly with the Visegrad group. From the Western Balkan states' point of view, this should not be a problem as long as there are a number of countries in the EU which are supporting their cause. However, it could be a good opportunity for the Visegrad group to enhance its political weight and visibility if the four states could represent the interests of South East Europe in the EU bodies in a more coherent and unified way.

The similarity between Slovakia's and Hungary's foreign policy rhetoric and priorities concerning the Western Balkans is striking, and in practice the two countries often act together in EU bodies. However, this convergence hardly ever gets noticed at the level of political public discourse. Despite the recent period of tensions between Slovakia and Hungary, the two countries seem to be each others' most natural allies in the Western Balkans, which could be one starting point for building trust and better relations in the future.

As was argued in the introduction, despite its general pro-enlargement rhetoric, Poland shows far less enthusiasm towards the Western Balkans than Slovakia, Hungary or even the Czech Republic do, which is a potential source of tension within the Visegrad group. This is the case despite the fact that 69% of the Polish people are in favor of enlargement. According to Polish analysts, every initiative, including the Danube strategy, pointing towards South East Europe is viewed by the Polish political leadership with suspicion, as such initiatives might divert funds and attention away from the Eastern Partnership countries.

Yet, there are two key issues on which Polish and the future members' interests converge: the EU's agricultural policy and energy security. In the Western

129 Sinisa-Jakov Marusic, "Skopje, Athens Hint at Warming Relations", 12.10.2009, Euractiv.com.

Balkan countries there is a large agricultural sector, and once these states become EU members they can be expected to support preserving the Common Agricultural Policy. In addition, EU enlargement to South East Europe could increase the possibilities for diversifying energy supplies, which would be a welcome development from the Polish point of view.¹³⁰ In February 2010, at an energy summit meeting in Budapest of the V4+ including representatives of Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Serbia, Slovenia, and Romania in addition to the Visegrad states, the participants adopted a declaration calling for the creation of north-south interconnections through all V4 countries, between the planned Croatian and Polish liquefied natural gas terminals.¹³¹ As several analysts have noted, Polish neglect of this region will not pay off in the long run. The EU failing in the Western Balkans could weaken support for upgrading the Eastern Partnership policy, and it is very unlikely that aspirations to bring Ukraine into the EU could ever materialize without success in the Western Balkans.

In late 2009, the Visegrad Four decided that they would coordinate development assistance targeting the Western Balkan region. The amount of assistance the Visegrad countries provide is small compared to the large donor agencies such as USAID or SIDA, yet if this aid was better coordinated, it could have a more significant impact.¹³² So far there have been a lot of negotiations on this topic, yet not much has been agreed on.

Conclusions and relevance of the V4 know-how

The Visegrad cooperation experience may help both the Western-Balkans and GUAM countries on four key issues, though to varying extents: 1. trust-building in foreign, security, and defense policy, 2. in supporting Euro-Atlantic integration efforts 3. co-operation in science and education 4. energy security.

These four fields are quite similar to the original objectives of the Visegrad cooperation, laid down in 1991. Trust-building is rather similar to the original goal

130 European Stability Initiative, Debating EU Enlargement - Poland, <http://www.esiweb.org/enlargement/?cat=23#awp::?cat=23>.

131 Declaration of the Budapest V4+ Energy Security Summit, Budapest, 24.02.2010, http://www.visegradgroup.eu/main.php?folderID=859&articleID=27720&ctag=articlelist&iid=1#_ednref1.

132 Pontis Foundation, Visegrad Four: Donor Coordination for Serbia, Recommendation Brief, September 2009, http://www.nadaciapontis.sk/tmp/asset_cache/link/0000023291/090930_V4Workshop_Brief.pdf, 2.

of abolishing the remnants of the communist past. Supporting the Euro-Atlantic integration effort is also related to it, and actually the tasks are quite similar: establishing stable and functioning democracies, institutional reforms, market economy transitions, defense reforms, etc. Scientific and cultural cooperations are measures, which may – and actually do – help overcome past grievances via building mutual understanding, as they have in Central-Europe. Energy security is the only issue that is completely new compared to the original objectives of the Visegrad cooperation.

As was demonstrated above, a key contribution of the V4 from viewpoint of the Western Balkans is their commitment to the enlargement process. This is a value added that can make a difference, especially at critical times when some member states are lobbying for a slow down or when decisions are being made about whether a country could move to a more advanced stage along its accession path.

Simultaneously, the Visegrad states took on an active role in the Western Balkan countries' preparation processes for EU and NATO membership. Hungary has gotten intensively engaged in the field of military and security services, helping to reform the state intelligence service and the secret data protection system in Bosnia, as well as granting mentoring services to improve military capabilities to Montenegro, Croatia, and Serbia. Moreover, Hungary has become a forerunner as an investor, stepping well ahead of its Visegrad partners. Slovakia recently followed suit, recognizing the importance of the economic dimension of foreign policy, making the fostering of business relations a key priority in its Western Balkan strategy. Slovakia's policy niche, however, has been the democratization and civil society development traditionally carried out mostly by Slovak NGOs. Reflecting the individual countries' special expertise, within the Regional Partnership, Hungary is responsible for home and justice affairs, Slovakia is in charge of civil society development, Poland shares its experiences in how to attain and utilize EU assistance funds, while the Czech Republic lends support in the field of visa liberalization and participating in the unified market.

Moreover, within the frames of the Visegrad cooperation, initiatives were launched aimed at sectoral cooperation and coordination such as on border surveillance, migration, public administration reform, preparation for visa liberalization, improving energy interconnections in the Western Balkans, and the incorporation of the countries in the program of Trans European Transport Networks.¹³³

133 Key Areas of the Presidency of the Visegrad Group 2009-2010. Website of the Hungarian Ministry of Foreign Affairs. Available: http://www.mfa.gov.hu/kum/en/bal/foreign_policy/V4_presidency/visegrad_

Concerning the GUAM countries, the Visegrad Group has no illusions about their capabilities - and the GUAM countries must also not have illusions about the Visegrad capabilities. Their relationship with Russia dominates the Eastern policies of all four Visegrad states. This looked somewhat different in the mid-2000s, when the internal and external conditions for the democratization efforts were much more favorable. As the most important external factor, the United States during the first, and especially of the second, Bush-administration, provided strong support for these transformation and democratization efforts. Nowadays, in the context of the U.S.-Russia “reset”, support for democratic transformation in the post-Soviet region is much lower on the American priority list.

The GUAM countries themselves have also changed a lot. Ukraine, under the leadership that emerged from the “Orange Revolution”, was much more receptive to such democratic, pro-Western reforms than the present President Ukrainian President, Yanukovich, is. While Azerbaijan in the late 1990s and early 2000s was interested in participating in the GUAM Organization, at present Baku aims more at balancing between Russia, the West, and the East. Georgia also lost its prioritized rule to a large extent following the failed August 2008 war: though it is still a close ally of the United States, and the Georgian population is absolutely in favor of EU-approximation, the country’s NATO accession is currently off the agenda, and so is its future EU membership. Only Moldova seems being on the same, pro-European track as it was in the early 2000s, but its path has been far from being continuous. The country first took another pro-Russian turn in its foreign policy in 2006-2007 during the last presidency years of Vladimir Voronin, then the Communists lost the elections in April 2009, which was followed by a long, still ongoing constitutional crisis. The currently ruling pro-European government, composed of a coalition of the Alliance of European Integration has emerged from these turbulent circumstances.

The Visegrad countries themselves have also changed. The most vehement supporter of the democratization of the Eastern neighbourhood, the late Polish President Lech Kaczyński, died in an air crash in Smolensk, and his twin brother lost the elections. The new Polish President, together with the government, is in favor of a more pragmatic policy towards Russia and, following Smolensk, a spectacular rapprochement process is going on in Polish-Russian relations. This approach of Warsaw, one has to stress again, is in line with the broader trends of the U.S.-Russia and EU-Russia relations. In Hungary the government of Viktor Orbán has announced that the relationship with Russia enjoys a prioritized role

and should be based on ideology-free, pragmatic cooperation. Prague and Bratislava are also in favor of pragmatic bilateral relations with Russia. Generally speaking, as individual countries, the foreign policies of all four Visegrad member states towards Eastern Europe are dominated by their pragmatic, business-related interests towards Russia – a relationship that they do not want to endanger seriously. Of course, there are certain issues in their foreign policies in which they are to act against Russian interests, such as the case of U.S. missile defense sites , or the further Eastern enlargement of the NATO. However, in general, their readiness to confront Russia is much lower than it was in the early 2000s, when they could rely on the strong backing of the Bush-administration.

Under such circumstances, it would be unlikely to expect the Visegrad cooperation to engage too actively in the Eastern neighbourhood on its own. The International Visegrad Fund is concentrating on low political issues, such as scientific and educational cooperation with the Eastern neighborhood, cross-border cooperation, environmental issues, etc. However, of course, there are certain differences between the V4 countries regarding their approach to the GUAM itself. Two of the four Visegrad countries, namely Poland¹³⁴ and the Czech Republic¹³⁵ have institutionalized bilateral cooperation with the GUAM, while Slovakia and Hungary have not.

On the other hand, as members of the European Union, the four Visegrad states have much bigger chances. They actively support strong EU-engagement in the Eastern neighborhood. Particularly important issues are visa liberalization, energy security, and support given to civil societies. Additionally, all V4 countries are pushing for channeling as much EU funding into the region as possible. The launch of the Eastern Partnership has been an important success for Poland and the Czech Republic, and is strongly supported by Bratislava and Budapest. The consecutive Hungarian and Polish EU Council presidencies in 2011 clearly have the possibility to jointly give further impetus to the Eastern Partnership.

Though taken individually the Visegrad states have not had too many possibilities to engage the GUAM countries, the situation is much different if viewed from an EU perspective. In the European Union all four Visegrad countries are strong advocates for a stronger EU-engagement in the GUAM regions. This could be the main channel for transferring the Visegrad experience to them. Consequently, the GUAM countries should also shift their expectations related to the

134 For example, see: Communiqué of GUAM-Poland meeting, New York, 27 September, 2007. Available: <http://guam-organization.org/node/652> Last accessed: 9 Jan 2011.

135 For example, see: Communiqué of GUAM – Czech Republic meeting. Available: <http://guam-organization.org/node/385> Last accessed: 9 Jan 2011.

Visegrad countries: instead of trying to achieve bilateral successes, they should try to use the lobbying power of the Visegrad states in the European Union to a greater extent.

Recommendation for deepening regional cooperation

The experiences of the Visegrad cooperation could be used mostly in the above mentioned four key areas, both in the Western-Balkans and the GUAM region. Of course, as many circumstances fundamentally differ between the GUAM countries and in the Western-Balkans, the V4 experiences have different relevancies in these places. Consequently, the two regions will be addressed separately on all four issues.

Trust-building in foreign, security and defence policy

In the fields of foreign policy and security, there are still some outstanding issues which stem from the conflicts of the 1990s in the Western Balkans, and which continue to cause tensions in the region. Bilateral relations are still burdened by the consequences of the recent past, even though relations have been improving lately on several fronts. While Serbia managed to improve its cooperation with the ICTY and, as a result, the ratification of its SAA could be launched in the summer of 2010, it still needs to make further efforts to capture the remaining high profile fugitives Ratko Mladić and Goran Hadžić.

Serbia-Kosovo relations are especially problematic, which not only hampers Kosovo's development, but also has wider negative implications on regional cooperation initiatives. Serbia was able to build a solid cooperation with EULEX in Kosovo concerning war crimes in Kosovo, yet still challenges Kosovo's independence, despite the ICJ's advisory opinion which proclaimed that Kosovo's declaration of independence was not against international law. Serbia effectively obstructs Kosovo's participation in regional initiatives which are not managed under the UNMIK umbrella, and rejects Kosovo customs stamps, effectively blocking Kosovo exports not only to Serbia but to the EU as well. This, consequently, undermines the effectiveness of the CEFTA's cooperation. Moreover, Serbia continues sup-

porting parallel structures in Kosovo, including parallel municipal elections and discourages Serb participation in municipal elections run by the Kosovo authorities. Therefore, it is crucial that negotiations between Serbia and Kosovo facilitated by the EU soon begin on practical matters.

There are still more than 14 000 people missing in the region as a consequence of the conflicts. Resolving this issue is central to the reconciliation process, yet the resolutions of these remaining cases has been very slow. The Sarajevo declaration process which was meant the deal with refugee return issues involving Bosnia, Croatia, Montenegro, and Serbia was given new impetus in March 2010.

Apart from the Kosovo-Serbia problem, bilateral relations in general have improved lately. The reconciliation process was boosted by the Serbian parliament's recent declaration condemning the massacre in Srebrenica. Bilateral relations between Serbia and Croatia gained new momentum after Croatia's new president, Josipovic took office. Several high level meetings took place and a police cooperation agreement came into force in May of 2010 between the two countries. Serbia and Croatia also signed a defense cooperation agreement and an agreement on inland navigation. However, the mutual law suit for war crimes and the issue of missing persons continue to disturb bilateral relations.

Signaling the increasing level of trust among each other, the Western Balkan states participate in various regional initiatives, including the South East European Cooperation Process (SEECF), the Regional Cooperation Council (RCC), the Central European Free Trade Area Agreement (CEFTA), the Energy Community Treaty (ECT), and the European Common Aviation Area Agreement (ECAAA). Within the institutional framework of the Regional Cooperation Council they participate in several initiatives that concern the security and defense sectors: notably the Regional Arms Control Verification and Implementation Assistance Centre (RACVIAC) and the South East and East Europe Clearinghouse for the Control of Small Arms and Light Weapons (SEESAC). The RCC also launched some special regional mechanisms for cooperation in the area of defense, such as the South East European Defense Policy Directors Forum, the South East European Defense Intelligence Forum, and a Regional Registry of NGOs working in the security domain.

All Western Balkan states are members of the South-East European Cooperation Forum together with Albania, Bulgaria, Moldova, Romania, and Turkey, which serves as a platform for political dialogue among the participating countries in several areas, including security issues, such as on organized crime, drug and arms trafficking and terrorism. Serbia, Croatia, and Bosnia have been actively participating in the preparations for the forthcoming Danube Strategy. Regional cooperation, however, is often disturbed by the controversy between Serbia and

Kosovo. For instance, Serbia joined the technical negotiations for the Transport Community Treaty, yet the signing of it was delayed over differing positions on Kosovo.

The V4 is already contributing to the promotion of reform and cooperation in this specific area of South East Europe through two different channels. On the one hand, the Visegrad countries have launched sectoral cooperation and coordination with the Western Balkan countries on border surveillance, migration, and the preparation for the visa liberalization, among other issues. On the other hand, considering that the Western Balkan states aspire to NATO membership (Croatia, Albania, and Slovenia already achieved it), the Visegrad value added so far has been crucial. Specifically Hungary provided valuable assistance to the various countries' state security and defense sector reforms. Yet, unless Kosovo and Serbia find a way to cooperate on sectoral policies and practical matters, regional cooperation will be stuck at the current level. The Visegrad Four cooperation with the Western Balkan countries, which focuses on specific issue areas and mostly avoids the level of high politics, could be used as an additional forum for facilitating dialogue between the two opposing sides. The relations between Slovakia and Hungary could serve as an example in the sense that their conflicts at the highest political and symbolic level have not undermined policy coordination and cooperation between the two states in the Visegrad group.

As was emphasized in the paper, while in terms of "ordinary crime" the region performs relatively well, organized crime and corruption pose the most serious security challenges. Criminals are often linked with politicians, thus criminalizing the state itself, while, through the politics of patronage, influential economic interest groups gain a considerable degree of control over the state's governing structures. Transnational crime operates in trafficking human beings and drugs, and money laundering is also prevalent. All these activities are hard to fight against as they are facilitated by the culture of corruption and the weakness of state and law enforcement institutions. Thus strengthening the rule of law, judicial reform, security sector reform, and anti-corruption measures should be high on the agenda in these states, which should be a priority of the Visegrad assistance as well. The Visegrad group should bear in mind that merely adopting necessary legal measures is not sufficient but needs to be followed by adequate implementation, the lack of which has been one of the greatest problems in this area in the Western Balkans.¹³⁶

136 Human Security in the Western Balkans (HUMSEC): The Impact of Transnational Terrorism and Organized Crime on the Peace-Building Process Final Scientific Report, 10, http://www.etc-graz.at/typo3/fileadmin/user_upload/ETC-Hauptseite/publikationen/Occasional_papers/HUMSEC_occpaper.pdf.

Moreover, as was demonstrated by Lada Sadikovic in a recent study, the failure of state building in Bosnia, coupled with Serbia and Croatia fostering special relationships with their co-ethnics in Bosnia through giving them citizenship, etc, undermines the effective functioning of the state which makes it easier for criminal groups to gain control in the government.¹³⁷ The same problem can be found in Macedonia and Kosovo, where minority issues weaken the state's capacity. Therefore, the Visegrad Group should pay attention to fostering human and minority rights protection in the region, recognizing that unresolved ethnic grievances fuel instabilities all over the Western Balkans. For instance, addressing the security needs of the Serbian minority in Kosovo is a precondition for engaging the minority and Serbia in a more constructive way.

In terms of foreign policy, the coordination between the GUAM countries is institutionalized to a rather similar extent to that between the Visegrad countries: there are regular ministerial summits, working group meetings, etc. In terms of security, the GUAM countries face a number of challenges with which the Visegrad group has only limited experience: fighting against terrorism, territorial extremism, etc. However, regarding other security threats, such as drug trafficking and organized crime, of course, there is room for increased information sharing between the V4 and the GUAM countries.

Concerning defense policy in the GUAM region, unlike in the Western Balkans, there are no territorial claims or grievances between the member states. None of them consider the other to be a foe, or a country that poses a military threat. However, some trust-building mechanisms that worked in Central-Europe could still be useful in the GUAM region as well. Only two of the four GUAM countries are signees of The Treaty on Open Skies, Ukraine and Georgia. Neither Azerbaijan nor Moldova has yet joined the initiative. Moreover, one could argue that Azerbaijani and Moldovan accession would – at least theoretically - permit international surveillance flights over the separatist territories as well (Nagorno-Karabakh and Transdnistria, respectively). This would actually be quite useful for both the other member states and for Baku and Chisinau, as they would all get information on the findings from the fly overs. Some analysts even suggest extending the Treaty's application to crisis zones in the OSCE area.¹³⁸

137 Sadikovic, Lada, "Bosnia and Herzegovina in the Western Balkan System of Security," in: *Transnational Terrorism, Organized Crime and Peace-Building; Human Security in the Western Balkans*, edited by Wolfgang Benedek et. al. (2010).

138 Open Skies. Implementation and Perspectives. Universität Hamburg. Available: <http://censis.informatik.uni-hamburg.de/openskies/os-implementation.pdf> Last accessed: 10 Jan 2011.

On the other hand, the CFE Treaty that worked well in Central-Europe has much less potential, though all of the GUAM member states are participating in it actively. The CFE has serious limitations in the GUAM region, mostly due to the continued presence of Russian troops in the Georgian regions of Abkhazia and South-Ossetia and in the Transdnistrian part of Moldova. At this point, the CFE Treaty cannot fulfill its trust-building role in the GUAM region, especially following the declarations of Moscow to suspend Russian participation in 2007.

In addition to the Treaty on Open Skies, there is another similarity of the Visegrad cooperation on security and defense and the original GUAM intentions, namely the plan to set up a joint GUAM peacekeeping force. Transferring the V4 experience on the process of forming a Visegrad battle group could also be of good use for the GUAM countries.

Supporting Euro-Atlantic integration efforts

Concerning the Euro-Atlantic integration, there are fundamental differences between the Western-Balkans and GUAM countries, regarding both ambitions and chances. Generally speaking, all of the states of the Western-Balkans aspire for EU and NATO integration, and three of them have already managed to join NATO: Slovenia, Croatia and Albania. The EU accession of Croatia is in upcoming, and Serbia is also working actively on EU- and NATO-approximation.

As opposed to the GUAM countries, the Western Balkan states not-yet-in-the-EU have a clear European perspective; the question is rather the time frame of their accession. Pushing enlargement indefinitely into the future is a real danger, which can undermine the effectiveness of the EU's conditionality policy and let the region drift away from the European direction. Probably the most important role of the Visegrad countries from the viewpoint of South East Europe is their sustained commitment to keeping the enlargement process moving ahead. When the Visegrad states act together as a block they can turn the tide in favor of the accession countries during debates in EU institutions.

The other Visegrad contribution in terms of supporting Euro-Atlantic integration efforts is practical assistance given to the candidates and would-be candidates in order to help them prepare for EU and NATO membership. It can be argued that the Visegrad group has found a policy niche where it can add something unique to the EU's foreign policy. So far, cooperation among the Visegrad states in the EU bodies concerning enlargement have been rather ad hoc, with some

states like Slovakia and Hungary being more enthusiastic than others, like Poland. By making cooperation and coordination about enlargement matters more structured and deliberate, the Visegrad group could enhance its political weight in the EU.

The GUAM countries are in a fundamentally different situation. Two of the four, Azerbaijan and Ukraine, have already declared that they do not intend to join NATO at all. In the case of Baku, this has been a consistent standpoint, while Ukraine gave up its NATO-accession ambitions only under the Yanukovich-presidency. Georgia would still like to join the Alliance; however, since the Bucharest summit, and especially since the 2008 war, the chances of Tbilisi doing so have significantly decreased. Though one has to keep in mind that the new Strategic Concept left the door open for further NATO enlargements... The situation of Moldova is ambiguous. The pro-Western political leadership would like to cooperate more closely with NATO, however, the country's military doctrine envisions neutrality. Besides, the existing separatist conflicts in Georgia and Moldova practically exclude any kind of NATO accession. To sum it up, of the four GUAM countries two do not intend to join NATO at all, and the other two – three, together with Azerbaijan - are excluded due to their domestic territorial conflicts. At this point the Visegrad group has not much potential to support the GUAM countries in this field.

The situation with the EU is rather different. In Georgia and Moldova the population and the political leadership are clearly pro-EU, and both countries' relations with the Union are developing intensely. In Ukraine the Azarov-government declared that EU-accession is still on the foreign policy agenda of Kyiv, and though certain domestic processes seem to contradict these intentions, EU-Ukraine relations are also developing rapidly. The only exception is Azerbaijan, as Baku does not intend to join the EU at all.

At this point, the best the V4 countries can do is to lobby actively in the European Union for further intensification of relations with the three GUAM countries mentioned above: Georgia, Ukraine, and Moldova. Though further Eastern enlargement is not on the agenda at all, supporting even the EU approximation of the three willing GUAM countries is a key political task and responsibility of the Visegrad group.

Cooperation in science and education

The setup and the operational experiences of the International Visegrad Fund could very well be used both in the Western-Balkans and in the GUAM countries.

In the Western Balkans, the Regional Cooperation Council defined as its task to “support the existing reconciliation initiatives in the region, enhanced cultural exchange, human contact, events, and other initiatives aimed at relaxing social relations in the region and positive profiling of SEE as a place of tolerance and rich human capital.” Particularly, the RCC framework places an emphasis on helping the Western Balkan states to use opportunities offered by the EU programs such PHARE and IPA to improve their educational policies, educational levels, build university networks, and support mobility and student exchanges in the region. Additionally the RCC also helps universities and research centers to build contacts in the EU. The RCC also supports the creation of the Electronic South East Europe (eSEE) initiative, which would be a single and integrated Information and Communications Technology (ICT) market in South East Europe. The South East Europe Education Cooperation Network (SEE-ECN) was also launched by the Stability Pact for South East Europe, the predecessor of the RCC, which is a regional initiative that supports the exchange of information, ideas, and know-how for the reform and quality improvement of education in 11 countries in South East Europe.¹³⁹

While there is an obvious interest on behalf of the Western Balkan states in intensifying contacts with EU member states in the area, including the Visegrad Four, improving intra-regional cultural and educational relations should also be a priority, which could foster the culture of tolerance and reconciliation. The V4 experience could be especially useful to further this goal.

According to the website of the GUAM, although there is a Working Group for Culture, Science, and Education, this is not a standing structure, they meet only biannually. The last meeting took place on December 15, 2010.¹⁴⁰ Although during the meeting participants agreed on the need for organizing joint summer schools, not many other concrete results were reached.

Among the currently on-going GUAM projects there are no concrete programs dealing with scientific, educational, and cultural exchange; nor does the GUAM have an institutionalized coordinating and funding structure for such purposes,

139 RRC website: www.rcc.int.

140 5-е заседание Рабочей группы по вопросам культуры, науки и образования. Available: <http://guam-organization.org/node/1088> Last accessed: 10 Jan 2011.

such as the International Visegrad Fund is. In the authors' opinion, the International Visegrad Fund could serve as a good example for strengthening scientific, educational, and cultural cooperation among the GUAM member states and the Western Balkan countries.

Energy security

The energy security-related experiences of the Visegrad group may also be very useful both for the Western-Balkans and for the GUAM region. Visegrad experiences are especially relevant for the latter, as their energy security situation is quite similar; despite the fact the Azerbaijan is an energy exporter, while the others – including all of the V4 states – are energy importer countries.

Energy-security cooperation in the Western Balkans takes place mostly under the auspices of the RCC. The Energy Community Treaty (ECT) promotes cooperation in the field of energy between the countries in the region and between them and the EU. On the one hand, it helps the South East European states to adopt the EU's *acquis* in the field of energy; on the other hand it supports regional cooperation in the area of securing energy supply. The Energy Community (EnC) specifically set as its goal the construction of energy facilities in the Western Balkans, which have a regional significance. The treaty establishing the Transport Community (TCT) to be finalized soon will serve as an instrument to integrate the region into the European transport networks. The Western Balkan States also signed an agreement on the establishment of the European Common Aviation Area (ECAA) which aims to bring the region into the EU's Internal Aviation Market, and thus decrease the region's fragmentation in terms of airspace.

Significantly, the V4 countries invited Bosnia, Croatia, and Serbia from the Western Balkans for closer cooperation in the energy sector in their energy security summit in February 2010. Establishing a gas pipeline running from the Adriatic to the Baltic Sea and intensifying energy links between the V4 and some of its neighbors also serves as a means to lessen the V4's vulnerability to Russia.¹

The overwhelming dependence on Russian gas and oil imports and the excessive reliance on old, Soviet-inherited transit infrastructure are common elements of the energy security of V4 and the GUAM countries, as well as of the Western

¹ Declaration of the Budapest V4+ Energy Security Summit, Budapest, 24th of February 2010. http://www.visegradgroup.eu/main.php?folderID=859&articleID=27720&ctag=articlelist&iid=1#_ednref1.

Balkans (with the partial exception of Azerbaijan, as Baku does not need to import Russian energy, though it is still dependent on the transit infrastructure.) These similarities justify joint answers very well.

The V4 and GUAM countries could – and already do – cooperate in finding alternative supply sources and transit routes for natural gas and oil. As one of the GUAM members is a gas exporter, one solution is evident; it has been so since the foundation of the GUAM: they should help Azerbaijan to export its gas and oil both to the GUAM countries and further on, to the V4 region, without crossing Russian territory. In terms of gas, though, the original GUAM plans to build an Azerbaijan-Georgia-Ukraine (partially underwater) pipeline are long gone, the spread of LNG technology provides viable alternatives: the V4 countries should support the AGRI gas pipeline project of Azerbaijan, Georgia, Romania, and Hungary. In addition, the EU's Nabucco project also enjoys the wide support of the Visegrad group.

However, in addition to striving for alternative sources and transit routes for gas and oil, the Visegrad group could also support the GUAM region by transferring knowledge and technology of energy saving measures, for example in modernization of communal heating systems, introducing new insulation technologies, etc. Of course, this could mostly be done by private investors, on a business basis. However, the necessary regulatory environment for such projects needs to be elaborated in the GUAM countries – and, in this field, the Visegrad (and also the Baltic!) experience could be very valuable.

The situation could be similar with the increasing use of renewable energy sources in the European Union. The V4 countries already have extensive experience with renewable energy, and will have even more, in connection with the EU policy to increase the share of renewable sources to 20% to 2020. Such knowledge and technology could also well be transferred to the GUAM countries, especially as it contributes not only to national energy security, but also creates new employment and business opportunities.

THE ROLE OF ECONOMY IN REGIONAL COOPERATION

Introduction

In the history of international relations interstate contacts are traditionally characterised by bilateral relations as opposed multilateral ones. This holds true for the East Central European region; additionally, multilateral relations in Europe have generally been much less developed than in other parts of the world, and have often happened merely because of external pressure. After the systemic changes at the beginning of the nineties, the development paths of the East Central Europe countries have diverged.

- The most economically developed region in East Central Europe includes the Central European countries that started economic transformation immediately and which were able to join to the European Union.
- The western Balkan countries took a different path, mainly because the disintegration of Yugoslavia caused serious political, ethnic, and economic conflicts with lasting effects. Their economic cooperation faced extreme difficulties and only outside pressure, namely the strategy and policies of the EU, forced a strengthening of their cooperation efforts.
- The disintegration of the Soviet Union has caused a serious economic downturn in the post Soviet area. After the federal political centre of the Soviet Union disintegrated, the former states failed to preserve the unified economic framework created during the Soviet era. Later this became one of the main factors behind the profound economic setback and degradation of the most technically advanced industrial sectors. This decline swept through practically all of the former Soviet states. There have been several attempts in the post-Soviet area to create a kind of economic cooperation within the region, but one question persists: How can Russian and EU influence be balanced?

During the past two decades, the political and economic cooperation between the Visegrad countries has tended to run parallel; however, in the 2000s, by which time the economies had undergone significant changes and modernised in certain areas, the two types of cooperation began to diverge. In the economy, corporate relations were beginning to take the leading role while attempts at government-level economic cooperation were no longer in the cards. The coopera-

tion was driven by microeconomic relations, mostly through trade in corporate networks and the direct investments of small and medium sized enterprises. On the other hand, the indirect harmonisations of economic policies connected with adopting EU regulations were supposed to be a tool to support convergences between the Visegrad countries' economies. In the long run outside pressures have indirectly aided a certain convergence of economic policies between the Visegrad countries more than created a genuine economic policy coordination. Against the backdrop of the dramatic disintegration of the past, integration of the transition countries with each other and with the rest of the world is essential to assure continued recovery and rapid growth. The EU accession countries of Central Europe are furthest along this path, of course. They are followed by the countries of the Balkans, where it now seems that, in the long term, integration with Europe will provide significant political and policy stability and a framework within which recovery can take place.

Regional cooperation is an important element in the stabilisation and association process (SAP) preparing the Western Balkan countries for accession to the European Union. The EU has, in numerous European Commission and Council documents, expressed that it considers regional cooperation extremely important. The SAP is a long-term process which offers a general framework for the countries in the region to maintain relations with the EU while maintaining awareness of the political and economic differences between particular countries. The EU offers the countries of the SAP country-specific combinations of trade allowances (autonomous trade action), economic and financial support, and contractual relations (stabilisation and association agreements). In addition to regulating bilateral relations, the system of relations in the SAP includes another important component: the facilitation and promotion of regional cooperation. In essence, this is what is keeping intraregional economic development in motion; this is the motivation behind the mitigation of concerns hindering trade between the countries. The process is similar to the aims of the Visegrad countries in the nineties as they sought to eliminate customs, which eventually occurred under the framework of CEFTA.

In the post-Soviet region, inherited economic relationships are still determinant and ties with Russia are particularly strong. This situation calls for an easing of these relationships in a number of newly independent states, which is evident in the shift towards foreign trade partners and a spectacular decline in the role played by post-Soviet partner countries. However, the inherited economic structure can also lead to the survival and preservation of vertical economic structures that had evolved under the Soviet empire. This can partly account for the fact that the exchange of goods in the greater post-Soviet region still plays an impor-

tant role within the CIS, despite the heavy re-orientation towards foreign trade. The very same, most typically, intersectoral relations are increasingly evident in capital connections as well. In addition to explanations based on economic foundations, the political factors in the integration-disintegration processes in the post-Soviet region are just as important. “The history of integration in the post-Soviet region seems to be a succession of unimplemented projects. Many reached no further than a statement of aims and signing of foundation documents before dying.”² Although, on the basis of the economic growth and internal political stabilisation evident in the early 21st century, at least the partial integration of the post-Soviet region seemed a likely reality. This could allow the development of a new power centre recognised by the world economy if some of the interested states of the region with Russia playing the leading role were to form a union. Today the chances of this happening have significantly reduced given the political events and processes that have taken place or begun in the meanwhile. The countries surrounding Russia will be divided into two large groups in the future: a club of countries engaging in closer forms of cooperation (integration) and a circle of simple neighbours. Regarding this latter group, the well-known expression of “good neighbourhood policy” has once again come into prominence and is often cited, particularly in the wake of the foundation of the Eastern Partnership.

Economic aspects of Regional Cooperation – theoretical and Practical Approaches

The history of the world economy demonstrates that really successful regional economic integration has always been achieved by and between either dynamically growing countries, or those that promoted the integration of other participating nations into a global economy. In these cases, the main aim was never to create autarky and find alternatives to import activities within the integrated community of countries; instead, the possibility to integrate was always left open to other participants and actors in the world economy.

In Central and Eastern Europe in the nineties, all the factors that could potentially prevent political and economic cooperation were evident; at the same time, there was little to counteract these negative impacts as circumstances that may

² Glinkina 2008: p.5.

have promoted and deepened cooperation were slow to evolve. Based on experience, any attempts at regional cooperation even in the wider Central and Eastern European region have had the following main limitations and opportunities to take into account:

- A common cultural, historical, and geographical past; knowledge of each other's countries is one of the main driving forces behind cooperation. However, in Central and Eastern Europe, a shared historical past is more likely to generate tension, the negative impact of which is increasingly evident at times of accelerating economic and social changes. Given the negative experiences of a shared past, in the wake of the regime change the countries of the region tried to avoid each other as much as possible and refused to enter into any kind of economic alliance with their former partners.
- The – mostly political – opportunities for cooperation in the early nineties were expanded by the security policy vacuum that came about with Russia losing her political weight in world politics in the wake of the cold war. This driving force was channelled into the NATO enlargement. However, during the Yugoslav wars, increasing security and economic risks once again intensified the need for cooperation. Now mainly energy security-related issues and the increasing influence of Russian capital in Central Europe today represent shared interests in security policies and the economy for the countries of the region.
- One of the problems preventing swift cooperation in the wider Central European region is diversity ranging from religious and ethnic differences to divergence in the level of economic development and political maturity. Any such complex structure will only allow for very flexible cooperation, even at a theoretical level. Ethnic tension presents a real danger, especially if the general economic situation in the countries concerned is unfavourable; in order to alleviate problems in any country, one needs a flourishing economy.
- There are two fundamental theoretical approaches to the development of sub-regional cooperation and larger-scale integration, especially from an economic perspective. According to one school of thought, subregional cooperation is a preparatory step that paves the way for larger integrating organisation. The other approach claims that larger-scale cooperation gives rise to subregional cooperation. The answer to this theoretical question always depends on the level of economic development of the country willing to enter an existing integration. Integration between less developed countries does not cause rapid economic development. These less developed economies generally rely on a modernisation centre (an “anchor”) that often lies outside the strict boundaries of the region. They need markets, access to technology, management

know-how, and other transfers, which can promote rapid economic development. So far, only the really developed countries have succeeded in implementing thriving regional cooperation before integrating into a larger unit. In all other cases, it was entry on the global economic scene and participation in a larger integrated organ that prompted stepped-up economic (and political) cooperation.³

- Countries belonging to the same geographical region are not necessarily each others' primary or natural economic partners. The similarity of economic and political priorities tends to promote subregional cooperation more than having the heritage of a shared past or geographical proximity. In the pre-accession years, economic cooperation of the countries in the region was not coupled with additional growth impetus.
- Economic cooperation also can be greatly hampered when the countries have very similar characteristics, similar comparative advantages, and relative labour productivity. Their economies are not complementary but competitive in terms of their structure and potential. This situation can only be resolved with economic structural changes induced by the inflow of significant foreign direct investments. This was the case in the Visegrad countries, where the economic structures had been changed by the end of the nineties, mostly due to new production facilities created by foreign investors.

From the mid-1970s on, the entire Central and Eastern European region drifted further along the road to complete marginalisation with the gradual decay of COMECON. This was coupled with severe and unfavourable economic consequences as the region had further distanced itself from the dynamical centre of development of the world economy. This had very negative psychological and frustrating effects, given the fact that this accelerating marginalisation was taking place right next to the western world. This contrast was even stronger in Hungary than in other countries since Hungary was the most open country in many respects. After the regime change, many thought that this kind of marginalisation would be quickly dispelled since it was believed that the country was lagging behind merely because of the different economic and social system it had at the time. This expectation, however, proved to be totally unfounded.

Since the foundation of the European Community, there have been two types of marginalisation in relation to the integration of Central and Eastern Europe: a radical and totally isolating version stemming from the military conflict of the

3 Inotai (1997).

cold war, and then a lighter, but still definite process that evolved after the regime change which is usually described as the 'two-' or 'multi-speed Europe'.

In the period following WWII, COMECON was the only institution that might be seen as a half-hearted attempt at integration. Although COMECON may have been very advantageous to certain sectors and companies, it was certainly an unfavourable arrangement from the perspective of the entire economy. Given the lack of market conditions, no real competition could evolve between the companies. This also established unnatural terms and conditions under which economic partners were selected. This economic environment was coupled with the Warsaw Pact, a political-military alliance that was governed by the Soviet Union and which determined participating country interests from above and imposed great limitations on an individual country's sovereignty.

In light of such precedents it was a natural reaction after the fall of Communism that countries in the region were averse to economic and political cooperation between the Central and Eastern European countries. None of them was intent on taking steps to bring economic/political ties closer, due to the dismal memories of the era before the regime change. What's more, the socialist version of integration, i.e. the community of Socialist states, had little meaning for the people themselves. Therefore, the breaking of ties between members of the Communist elite had automatically meant that the vast majority of cooperation initiatives were now a thing of the past as well.

The Visegrad Cooperation as an Economic Coordinating Mechanism

Hungary (and the other Visegrad countries, except for Poland) is considered a small-nation economy in terms of its economic power, population, and natural resources. The countries of the region have very little room for manoeuvre; it is the international economic, political, and technical fields of force, world trends, and global and European trends that predetermine the course that development has to follow. This has been exacerbated with marginalisation over the past centuries.

The building of regional relations in Central Europe was discouraged by a fear that countries in the region shared: that Western Europe might consider merely strengthening cohesion and economic ties within the region as an alternative to EU integration. Soon it was clear, though, that the developed world treated the

Central European region as a whole and was reluctant to deal with the countries therein one by one. Looking at things from a western perspective, the lack of cooperation, especially 2-3 years after the regime change, demonstrated that these countries were unable to communicate with each other under the conditions set by the market and democracy. It seemed that cooperation between Central European countries was seen by the developed countries as a sign of maturity, a precondition for western integration. It was partly this notion that motivated the launch of the economic and political cooperation that led to the creation of the Visegrad group and, eventually, to the birth of CEFTA.

Another reason behind the origination of the Visegrad idea was the attempt to synchronise the policies of Czechoslovakia, Hungary, and Poland against the Soviet Union. One of the most important events that prompted cooperation occurred in January 1991, when Soviet forces took military action against Lithuania when it demanded independence. This made it clear that the Soviet Union still posed a real threat to the region. Following the Lithuanian incidents, the government heads of the three countries met in Visegrad at the beginning of 1991 and agreed to set themselves the goal of organically integrating into the European security and economic system. The talks were further propelled by the August 1991 coup in Moscow, which gave rise to grave concerns in the states of the region. However, with the dissolution of the Soviet Union in 1991, the security policy aspect of the cooperation had dramatically diminished other topics now dominated in cooperation talks. At the Prague prime ministerial summit in May of 1992, the future of the Visegrad cooperation refined in three areas of great importance. The first was development with western institutions, the second was economic cooperation, and the third was the reconciliation of opinions and positions concerning world economic and political events. Following the declaration of these objectives, however, the political cooperation within the group soon de facto ended with the split-up of Czechoslovakia. The newly forming Czech Republic considered cooperation to be an unnecessary remnant of the past and made it clear that with the weakened Soviet Union posing a diminished security threat to the region, there was no longer a need for Central European cooperation. They feared that only the possibility of exploitation lay in the strengthening of economic cooperation. However, it was not only the Czech uncertainty that prompted that failure of the Visegrad group, but also, and more importantly the changes to the system and conditions of the economic and security policies in Central Europe. The essence of the response to the altered conditions is well-illustrated by a newspaper article written at the time with the following opening sentence: "Visegrad is Dead, Long Live CEFTA!". This was a clear indication that economy was the only area where joint action or coordination was or might be required between the four countries.

For the first half of the nineties, in Western European and US usage the term “Visegrad Group” was synonymous with the most developed Central European countries. The Visegrad Group was considered sort of an exclusive elite in Central Europe, which was best illustrated by Poland, Hungary, and the Czech Republic’s OECD and NATO memberships in the late nineties. The differentiation between Central European countries and country groups was also reinforced by the fact that the region excelled itself in terms of economic development with a swift and smooth transformation of the economy as a result of which, by the spring of 1998, a new adjective had entered into the vocabulary of the international press and international economic organisations; they no longer described Hungary, Poland, and the Czech Republic as emerging markets, but as converging markets. Due to the question of safeguarding this exclusive role, Poland voiced its reservations in 1998 concerning the integration of Slovakia into the Visegrad Group, however, the situation had taken a swift turn by 1999.

There are also clear-cut periods as far as economic relations are concerned in the given countries. The first half of the nineties was clearly characterised by loosening economic ties, induced by the previous negative experiences of these countries and their common objective to join the European Union. As a result of the latter, countries in the region were all primarily trying to build closer economic and financial relationships with the EU while efforts to establish regional connections remained secondary. In the latter half of the nineties, owing to the increasingly effective operations of CEFTA, trade relations began to improve significantly, but its subsequent effect remained considerably limited in this period partly because of unfavourable growth (demand) processes, and partly owing to the efforts made to exploit the potential of EU-trade as much as possible.

In 1998, with EU-accession talks beginning, there was a compelling external pressure to adopt the EU legal frameworks and to introduce related measures. As a result of this, the economic policies in the countries of the region converged in many respects, since liberalisation measures had created practically identical regulatory environments. At the same time it was already evident that national economic policies in certain areas no longer followed parallel paths, a process which accelerated in the 2000s; yet this initially had no clear and obvious effects on economic performance. The emerging structural differences in the late 2000s created significantly different economic conditions in the specific countries of the region.

In the wake of the EU-accession, mutual trade and economic relations intensified, while the economic structure was being shaped mainly by large foreign companies and their network of suppliers. This period was also characterised by the emergence of large regional corporations gaining increasing influence at a regional level and interweaving economic ties along new patterns.

Experiences since EU accession clearly show that the number of issues having a specifically Central European identity has been limited or non-existent. The expectation for the post-accession period was that the need to comply with Maastricht criteria would push the Central European countries to decrease economic disparities between their countries and the existing EU Member States. The indirect harmonisations of economic policies were supposed to be a tool to support convergences between their economies. In the long run it is certainly true that outside pressures indirectly helped create a certain convergence of economic policies between the Visegrad countries independently from economic policy coordination. Such coordination has been almost non-existent during the past two decades and only a serious (economic) security policy threat could alter the situation.

The economic changes of the coming few years will be tied to the transformation of economic structures and economic policies, which eventually will lead to the convergence and synchrony of the economic policies of the countries in the region. This period will be strongly influenced by the present economic crisis, which may – in an optimal situation – improve competitiveness in the entire region.

The need for Economic Cooperation

The economic transformation strategies of the Visegrad Group were considered to be the flagships of the transition. However, the individual Visegrad countries have taken greatly divergent paths in many respects in the past two decades and chosen different ways to conduct their economic reforms; nevertheless the elements of convergence are still tangible. In the beginning of the transformation, Poland attempted to create the conditions required to develop a market economy with fast and drastic measures. In the Czech Republic it was thought that the foundations of the economy did not really need much adjustment and the country would be able to build a market economy without much restructuring, while in Hungary the swift transformation of certain areas (e.g. privatisation) was set as a priority objective, without drastic measures in many other areas. The economic positions of Poland, Hungary, and the Czech Republic remained, nevertheless, very similar. Owing to the structural reforms launched towards the end of the nineties, Slovakia soon joined the most developed group of regional countries. On the whole however, these countries went through the very same stages during their economic transformation; they each were eventually forced to take the same measures. The steps were as follow: acceleration of privatisation with the

involvement of foreign investors, more intense attempts to attract FDI; radical macro-economic stabilisation measures and the curtailment of real wages; consolidation of banks consuming vast budget resources followed by the sale of the lion's share of the banking sector to foreigners. These were the key steps of the economic transformation; they were introduced in practically all of the countries, albeit with not simultaneously. Although there were differences in the individual countries in what they considered to be the focal point and centre of gravity in terms of joining the NATO and EU-accession talks, the general tendencies, on the whole, converged.

The economies in the region gained increasing importance in the first half of the 2000s. This process gained momentum and grew in importance because of Western European companies increasingly taking advantage of the growth potential of the region, even amidst the recurring crises in the world economy. Continued liberalisation in Central Europe in accordance with the Association Agreements, the realisation of free trade within the CEFTA region, as well as stable GDP growths gave fresh momentum to expansion of production and the improvement of productivity. In contrast to this, Western European growth around the turn of the 21st century and shortly afterwards remained modest. As a result of this, the somewhat small Central European market gained importance in international economic relations. The Central and Eastern European region was increasingly seen as one of the potential sources to fuel growth in the EU, and this only intensified with the imminent Central European enlargement of the EU. The large Western European service providers realised significant profits from the period of convergence before accession and, later, from the expansion of the single market into the countries of the Visegrad region.

The idea that the countries of the region ought to adopt a common strategy during EU-accession talks in order to obtain the best economic concessions primarily from the structural funds was one potential field of cooperation on economic issues. Although there had not been reconciled strategies between the candidate countries in earlier EU enlargement procedures, it still seemed reasonable to take advantage of the possible benefits of this kind of cooperation. Simultaneous talks provided the EU with a very strong negotiating position. In a situation like this, the possibility of any candidate country with a more lenient negotiation strategy providing concessions could have risked it being considered a precedent for the EU with other countries that may have adopted a more stringent approach during talks. This could have made it necessary to determine a set of common rules for negotiation/conduct. These common rules of conduct may have led to the development of a common accession strategy, which went beyond the desired objective of preventing specific countries from providing excessive concessions. Of course,

this common strategy was subordinate to national strategies and amounted to no more than shared interests amassed from the individual national strategies. Still, cooperation such as this may well have prevented the EU from playing off the Central European countries against each other during the accession talks without encountering any resistance. As demonstrated by the accession talks, there was no solidarity in this respect between the countries concerned, there was no reconciled common strategy; the Visegrad countries pursued their individual interests as much as their own representation abilities, negotiation strategies, and relationships with existing members allowed them to do so.

CEFTA

CEFTA was unquestionably the most influential system in the Visegrad region out of all of the institutionalised economic cooperation initiatives in the region after the regime change. The notion that frameworks of economic cooperation ought to be established within the Visegrad Group was already on the agenda in 1991. In contrast to the politicians, who did not really wish to build deeper political or economic relations in the region, it was clear to all economic experts that tightening economic ties was inevitable after the drastic loosening of relations in the early nineties.⁴ Statistics presented unquestionable evidence that trade turnover between the countries had significantly fallen, which would, sooner or later, cause severe problems. Originally the three countries came up with the idea of creating a payment union in response to one of the most severe defects of the COMECON cooperation, but this notion soon fell into oblivion. The aim now was to establish free trade between the states concerned. Free trade zones are considerably looser forms of economic integration, but with states who had, so far, failed to establish any form of multilateral economic cooperation between them. However, it was still a real cornerstone for cooperation. Parallel to this, the Association Agreements between the three countries and the European Communities had practically been fully drafted and, thus, the framework for a partial free-trade zone had been laid down towards Western Europe. If these three countries had not entered into a similar agreement, trade between them would have been marginalised in comparison to the trade they were transacting with the European Union and the member states of EFTA. This situation evolved nevertheless, since

⁴ Dunay (1997).

the rules of the Association Agreements with the EC had already entered into force in the first half of 1992 when the text of the CEFTA agreement had not yet even been worded. The objectives of CEFTA were as follows:

- A tripartite agreement on the establishment of a free trade zone was to cover all industrial and agricultural produce.
- The lifting of trade restrictions was to be extended to all tariff and non-tariff type restrictions.
- The tripartite agreement was to be modelled after the agreements made and entered into by and between the EU/EFTA and the Central and Eastern European states; however, it was to be built based on symmetry and mutual benefits.
- The transition period required to achieve full liberalisation was to be 5-10 years.

The free transfer of goods between the participating countries could have also been realised under the frameworks of a customs union. This, however, the countries of the Visegrad group were not inclined to do for political reasons, for this would have required such close cooperation that it would have forced the introduction of common economic policies including the uniform management of imports and common decisions concerning the utilisation of collected duties. If that was not enough, the actors outside the region would also have viewed this kind of cooperation as an alternative to the EU.

In this regard – and similarly to the Visegrad group’s political and security endeavours – it was expressed that the participating countries had wanted, at all costs, to avoid the impression that their regional cooperation would diminish the importance of Western European integration. For this reason they had set themselves a less spectacular objective, the establishment of a free trade zone. The structure of CEFTA was based on the agreements between the parties, the EU, and the EFTA. While specific articles were modelled on EFTA, they were harmonized with the EU model (industrial, agricultural, and general provisions).

The overall objective of CEFTA was to provide the participating countries with trade preferences similar to those offered to the four countries by the Association Agreements made with the EU. In addition to improving competitiveness, the aim of the agreement was to increase purchasing power and maximise FDI to the region. The products were classed into three groups: A, B, and C. Tariffs and non-tariff type restrictions were lifted at varying intervals; between 1995 and 1997 the duty payable on certain industrial and agricultural products were lowered. The trade restrictions on other goods such as cars, textiles, and steel products were lifted by 2000. Simultaneously, by the 1st of January, 1997, the parties were required to abolish all export tariffs or other equivalent duties.

The participating countries also agreed not to introduce new quantitative import restrictions or other equivalent measures in their mutual trade activities. Nevertheless, CEFTA still did not manage to bring about entirely free trade: (1) though it highlighted the importance of lifting agricultural tariffs, it still retained a quota system (2) the agreement did not treat non-tariff restrictions appropriately.

Special provisions governed customs administration cooperation, concessions, trade-type state monopolies, payments, the rules of competition, the liberalisation of government procurements, dumping, re-export, and the protection of intellectual property, etc.

Since the Czech leadership made it clear that they did not intend to deepen regional cooperation and the relationship between Slovakia and Hungary was bumpy, all further measures taken aimed at developing CEFTA were controlled by Budapest and Warsaw. In the spring of 1995, the Prime Ministers of the two countries agreed to support the expansion of CEFTA. This, however, was subject to two preconditions: (1) The terms and conditions of accession must be defined; (2) The constitution of CEFTA must be amended, as it did not originally address the question of accession.

From this point onward, membership in the group was subject to three preconditions: (1) GATT- (WTO) membership; (2) The approval of all CEFTA states; (3) Conclusion of the Association Agreement with the European Union.

The CEFTA-states made a resolution over the inclusion of Slovenia during the September 1995 Brno summit of the heads of government. A resolution was made despite the fact the Slovenia's Association Agreement had not yet been signed, but Slovenia's accession to CEFTA was allowed in spite of this on January 1, 1996, on the condition that Slovenia would sign the Association Agreement. The accession of Slovenia had no effect on the nature of the cooperation. It was clear to most Central European countries that Slovenia was a state that ought to have joined the western institutions in the first wave of accession. With the Slovenian membership, CEFTA remained relatively homogenous, economically speaking. Estonia, Latvia, Lithuania, and Romania had already indicated their desire to join. Ukraine also showed interest but, given the lack of an Association Agreement with the EU, it proved to be an unrealistic aspiration. Similar endeavours by Croatia and Macedonia also needed to be treated with a degree of scepticism, not to mention the aspirations of Belarus. Nonetheless, the desire by these states to integrate only proved that CEFTA was a success story: an institution had been successfully set up and was operating and producing economic results which a number of Central and Eastern European countries found attractive.

The original agreement was amended a number of times in the second half of the nineties. The aim of the modifications in each case was to accelerate the lifting of tariffs and increase the degree of liberalisation. The basic principle of cooperation remained, however, unchanged; that is to say that CEFTA did not endeavour to integrate the different states, but instead wished to increase and deepen the level of integration of the countries involved into the world economy by liberalising foreign economic relations. This, however, as had been noticed earlier, was an excellent method for less developed countries to ensure that, at a later stage, their participation in a larger integrating unit would be successful.

The significant expansion in the exchange of products between the CEFTA countries in the early 2000s was underpinned by a number of factors. One of the most important elements was the gradual but accelerating lifting of tariffs and quantity restrictions affecting the majority of traded products. The other main reason was that the majority of CEFTA countries had had relatively high GDP growth rates in the previous years. In other words, the chances of market entry improved among countries with growing economies, which *ab ovo* created favourable conditions for the interweaving of the economies of the region.

Perhaps the most problematic area for CEFTA proved to be the trade of agricultural products. Hungary generated a trade surplus in agricultural produce compared to all of the other CEFTA countries. This can partly explain why Hungary was subject to protectionist measures the highest number of times. The agricultural sectors in many CEFTA countries were struggling with surpluses. Since entering the strongly protected western markets was difficult, given the fact that the Association Agreements did not allow for total free trade of agricultural produce, and the eastern markets had lost the vast majority of their solvent demand as a result of the financial crisis of the late nineties, the logical alternative for the countries was to try to sell their agrarian surplus on the CEFTA market. Because Hungary produced relatively good quality and competitive products in comparison to the neighbouring countries, this comparative advantage was also reflected in the balance of the foreign trade of agricultural produce. For this reason, the agrarian war between the CEFTA countries became increasingly fierce in the early 2000s.

The question of micro-level cooperation, that is the development of corporate relations, plays an important part in shaping the economic connections in the region. Already at the formation of CEFTA, it was an important point for analytical consideration to see what strategies the transnational corporations (TNCs) would adopt in the region. Many expected that this would encourage the emergence of production units that would sooner or later target the entire regional market and with the lifting of restrictions hampering trade and capital turnover,

their supplier network would also be extended to cover the countries concerned. For the CEFTA region, the optimal solution seemed to be that individual TNCs would increasingly rely on regional resources for their supplies, in other words, the cheaper, semi-finished products of domestic companies working in the region would play a more important role in supply. This, however, was not realised for years because TNCs continued to satisfy their supply demands from their own network of “domestic” suppliers. There was however a gradual shift in this respect, nevertheless, success is still questionable for two reasons: (1) In the CEFTA countries, the need to connect the supplier industry into the transnational arteries increased. Doing so is an important step, but none of the countries have made great advances in this respect yet. (2) There is nothing to guarantee that the support industry will be better in entering the TNC’s supply arteries since the business policies of large corporations focus on where they can best and most effectively satisfy their needs from.

Also, we are witnessing a process wherein the vast majority of TNCs bring in their own supplier chain, i.e. the traditional system of corporate relations is being revived in Central and Eastern Europe. In a situation like this, it is very difficult, e.g. for Hungarian companies to join the ranks of suppliers. There is already a very lively trade between the various subsidiaries of multinational companies operating in the region, but it would be just as important to strengthen production links between Central and Eastern European companies as well. The division of labour and exchange of products between certain subsidiaries of multinational companies is obvious (e.g. Unilever, Nestlé).

Impact of the EU on the Economic Relations of Visegrad Countries during the Nineties

For the past two decades the EU has played a key role in the development and deepening of regional economic relations, both directly and indirectly. The EU has had a major influence on the economic processes taking shape in these countries as well. It was the external anchor that forced significant changes within the economies of these countries.

The accession of Central and Eastern European countries was the first time during the history of European integration that certain preconditions were re-

quired to be fulfilled that had not been included in the Treaty of Rome.⁵ One of the hidden preconditions of accepting Central European countries was the strengthened economic cooperation of these countries between themselves. It was also a new phenomenon that the accession negotiations took place in a time when deepening integration was also on the agenda. The adjustment to the acquit was an extremely difficult task for the Central European countries when compared to previous enlargements, as the volume of legal material was much larger. Central Europe at that time was in an absolutely policy taker position, it had no real chance to influence substantially the negotiation processes.

Due to these dependencies the EU was the unquestionable centre for this region. On the other hand, it was considered even in the late nineties that the Central European region would experience a quick growth period as accession approached. Business prospects for the region were promising, more and more small and medium sized enterprises realised this, in addition to the large multinationals. With wave after wave of recessions in the world economy the growth potential of the region became more and more important for several Western European countries. There were EU countries that elaborated an economic development strategy based on promotion of investments into the Visegrad region (Austria, Italy, and, partly, Germany). The mid-sized Central European market was revaluated in international economic relations due to its higher growth rates and favourable expectations linked to EU accession. East Central Europe was to become a growth pole of the European Union and high growth rates were hoped to stabilise the Eastern borders of the EU. This was advantageous for the other Member States as this would improve European competitiveness as well.

In other words, for a long time bilateral relations with the EU were far more important than regional ones, and even more important than the relations of the region as a whole with the EU. It was also assumed that there was low interest in regional cooperation if it had not been connected with the process of EU integration. Thus, multilateral regional cooperation had to be supported by bilateral processes of EU integration.

The key areas of cooperation are relatively easy to identify in a region like the Visegrad countries. Those are dominated by the need to develop and to grow. The agenda of development is also reasonably clear, especially when it comes to investments in infrastructure, institutions, and human capital. Sustainable growth is a solution to almost every problem and there the issues of economic policy become paramount. Here regional cooperation may play a role especially when

⁵ Inotai (1997).

seen in the context of EU integration. Liberalization of trade and investments and economic policy cooperation makes a great contribution to stabilization and normalization in the region, and this importance may increase with the economic growth of the region and to particular countries in the region.

Several important areas have been identified as crucial when discussing the EU impact on regional integration.

Trade Relations

During the nineties the EU had direct and indirect impact on Central European economic development and regional cooperation in trade and direct investments.⁶ Statistics proved the importance of both EU membership and the preparation for it on influencing subregional trade flows.⁷ It was also considered that EU membership would have substantial influence on eliminating trade barriers. Membership was also important regarding trade in agricultural products, as CEFTA could not achieve free trade in this field. Association agreements were also important, as they forced the conclusion of the CEFTA agreement. Thus the EU contributed indirectly to the strengthening of regional trade connections and speeded up economic adjustment and structural change. The outside pressures coupled with world economic competition due to liberalisation efforts drastically changed the economies of these countries.

Most economic actors stress the importance of trade liberalisation. Subregional trade may be developed substantially by the regional networks (trade, production) built up by foreign investments. The volume of FDI also depends largely on the size of the available regional market, which is influenced mostly by the economic policy of the target country and international trade agreements concluded with the most important economic partners. As most of the Central European countries were already quite open to trade in the nineties, the volume of trade with the EU was an important growth factor in the economy of these countries. Higher growth rate results in higher income, which translates into bigger domestic demand. The possibility to export to the large EU market makes possible economies of scale for those companies operating in a given Central European country. As growth becomes sustainable in several Central European countries

⁶ *It was not by chance that not soon after the starting of accession negotiations efforts for the renewal of Visegrad cooperation were made.*

⁷ *After Spain and Portugal joined EU the level of trade between them was much higher than with the rest of the EU.*

and the living standard increases that definitely could weaken the negative attitude between the region's countries, which also creates better business opportunities and opens export markets.

The EU's role in harmonising business cycles in the Visegrad countries was decisive; it also contributed to creating better conditions for regional trade. In the Visegrad countries primarily investments into the car industry played a crucial role in building stronger business networks. This led to a sort of cluster development in the neighbouring regions of Hungary and Slovakia that also included the movement of workers.

Foreign Direct Investments

FDI can have a positive impact on economic growth and regional relations through different channels. There are clear advantages to a larger market when it comes to investments. Obviously, only some types of investments look for such markets. Larger markets as a result of economic liberalisation between the countries of the region can be crucial. Besides providing the benefits of economies of scale, there is also a benefit from increased competition. The development of a regional financial market is also partly a result of investments. In the Visegrad countries the privatisation of services, especially those in the banking sector, created the precondition for the high-quality financial services that are necessary for large scale investments and businesses.

Common but competing strategies of the Visegrad countries to attract as many foreign investments as possible resulted in improvements in the local business climate that depended on institutional and policy reforms in each particular country. These investments also resulted in normalization of international financial relations in the sense that the countries in the region became normal participants in the international financial markets. Investments in the region finally created new growth poles within the region with the potential to develop cross-border economic regions. As the culmination of these processes, after EU accession it was expected that foreign direct investment would further increase. This was exactly the case in the Visegrad countries.⁸

⁸ *It was the case in almost each accession country except for Greece.*

Infrastructure development

For any underdeveloped region to catch up quickly is crucially dependent on the rapid infrastructure development. However, infrastructure development between Central European countries met several challenges in the beginning of the 1990s.

- Due to the collapse of regional trade at the beginning of transformation, it was not considered important to carry out projects that improved infrastructural connections between the Visegrad countries, especially before accession.
- Each of the Central European countries aimed at becoming a regional centre for East-West relations, which resulted in further neglect of the already existing national infrastructural networks between them.
- Resources for such programs were not available given the huge financial burden of the economic transformation and social problems.

It is also worth mentioning that large scale infrastructure projects that strengthen regional ties only started after the accession of new states in previous decades.⁹ This happened even in the case of the Benelux countries that already had developed infrastructure. In each regional cooperation initiative, infrastructure development is a priority. However, without external funding the results are always poor. This explains why the most feasible program for the Visegrad countries was to elaborate plans for common infrastructural development only after EU accession. However, the development was quite slow even after enlargement due to the huge development needs and a lack of willingness in certain cases for political reasons. The pattern between the Visegrad countries went something like this: “Yes we would like to renew and strengthen regional infrastructure connections, but we expect financing for these projects from outside, mainly from the EU. Since accession it has also become clear that joint plans and efforts are very important tools for developing international infrastructure from EU funds.”

Economic policy

Subregional trade liberalisation was slower than liberalisation of EU trade in general during the nineties. These two liberalisation processes were parallel, but the latter was faster. Besides the nature of the CEFTA agreement, this can be explained in a theoretical approach as well. According to this theory, larger entities

⁹ Even more, e.g. in the case of Spain the real driver behind large infrastructural project were the large international sport and cultural events.

exert greater influence on smaller regions, especially when institutionalised ties are strengthened. Similar experiences were observed in the case of the Mediterranean countries. Institutionalised economic policy coordination started between Spain and Portugal only after accession. However, this coordination was always in cooperation with Brussels. Both countries tried to multilateralise their relations without having joint bilateral initiatives with Brussels. Only after realising that certain regional problems could not be solved through Brussels did they change their approach with regard to bilateral connections.

Economic policy coordination between Visegrad countries was weak both during the nineties and after accession. The most important reasons for this were as follows:

- As underdeveloped countries their policies were mainly aimed at satisfying EU needs.
- Adjustment to the acquit was the most important task; improving regional relations lacked needed resources.
- Each country of the Visegrad Group had to concentrate its efforts on solving certain economic problems caused by transformation.

Another negative phenomenon that needs to be mentioned is regional rivalry. During the whole transition period, the “title” of regional champion shifted several times between the countries. At the beginning of the nineties the Czech Republic was the best-performing country in the region and it was considered that this country could follow a relatively independent economic policy. By the mid-nineties Hungary became the number one economy in the Visegrad region due to far reaching reforms and huge FDI inflow. In the early 2000s, Poland’s performance was quite promising, then Slovakia emerged as the regional champion. Today, under the impact of the international crisis, Poland and, to a lesser extent, the Czech Republic, seem to be the most resilient against negative impact. This changeable ranking of the countries influenced their behaviour regarding economic policy coordination. Instead of building a regional identity and stressing regional common features in the economic field – which certainly exist – the rivalry always prevented the strengthening of regional economic solidarity.

Financial transfers

EU financial transfers became an important part of regional cooperation between less developed countries. Financial transfers available after accession have been important tools for hastening the catch-up process. Since the early nineties Por-

tugal and Spain have made joint efforts to formulate EU budget policy regarding the financial resources available for them. That the countries from this region still look at each other as competitors rather than friends, even after 20 years of system changes, is not very promising. In spite of this, the four countries surely could find issues of common strategic and regional importance such as environmental issues. In addition, the next EU budget negotiations may be a good moment to enhance the coordination between these countries.

It is also worth mentioning Slovakia's adoption of the Euro. It means that this country now is under a different economic policy regime and has no exchange rate risk. At the official level it hardly has had an impact on the cooperation, but of course the psychological effects can be identified. Among the Central European countries there has been obvious competition for the "leading position" in the region. Each of the countries have played the role of the pre-eminent country" for a while from the economic point of view. The Euro has meant that recently Slovakia has occupied the leading position. However the advantage of having the Euro now seems to be rather a disadvantage to the competitiveness of Slovakia because exchange rate movements may worsen significantly, which can hurt economic performance more there than in the other V4 countries.

Competition

As competition policies were quite under-developed in the region, the EU could play a significant role in this area too. As the process of integration sped up, EU competition policy could be extended to the region. It was especially important in the reform of the public sector, which is certainly the key issue of the process of transition. State monopolies as well as private monopolies were characteristic for each of the East Central European countries, especially those that were falling behind in transition. Internally, competition policy would be very difficult to implement.

In the context of EU integration, competition policy could indeed be much more efficient. Indeed, in some cases, the fact that a country is outside of the EU or outside the process of EU integration has been used to grant monopoly rights to either domestic or foreign firms or banks, with some of the latter being from the EU countries. This has not only supported misallocation of resources, but has led to a slowdown in the process of integration in so far as it would mean the introduction of antimonopoly measures. To an extent, the transformation of the local judiciary system, certainly the weakest link in the institutional setup, has been impeded because of the strong influence of state and private monopolies or lobbies.

Experiences with Economic Development since EU-Accession

The Hungarian economy has diverged from those of the other Visegrad countries in the last few years in terms of development. This has principally manifested itself in a substantial slowdown of growth, and there are many structural and equilibrium factors that constitute serious risks from the perspective of long-term convergence as well. The lag in growth is probably most evident when compared to the development of the other EU Member States that joined in 2004.

The impacts of this adverse development are now clearly visible when making international comparisons, and they increasingly point towards a long-term trend that will be difficult to reverse. This also means that, mainly from entering EU, the homogeneity of the Visegrad Group countries in terms of development has ceased.

There is some interesting and important macroeconomic data on developments in the new Central and Eastern European Member States. If we use data for the year accession negotiations were begun (1998) and the year before entry to the EU (2003) and also for 2008 (the year before the deepening of the world economic crisis), certain conclusions may be drawn on the success of domestic macroeconomic policies within the region. This comparison also shows us the different paths of the regions' countries, taking into account the unique nature of each country. Generally, the so-called 'Lisbon measures' can best show the economic convergence or divergence of the Member States. Here we have selected four out of the fourteen factors to evaluate.¹⁰ The comparison covers the period before 2009, as in that year the full impact of the global crisis was felt, which changed not only the position of the individual country's economic position, but sometimes even brought into question the validity of the development model that had been applied previously. The implications of the crisis are described in the next chapter.

In terms of per capita GDP, the most rapid convergence in 1998, when the EU accession negotiations started, was achieved by the Baltic countries and Slovakia. During this period the three largest countries in the new Member States, Poland, the Czech Republic, and Hungary experienced very similar 'catch-up' growth, measured in per capita GDP. The trends of these years have clearly caused some reshuffling between the countries in the region. Estonia has had the most mo-

¹⁰ *These fourteen measures are well describing the performance of Member States. The main targets of the Lisbon agenda are grouped under five broad headings: innovation; liberalisation; enterprise; employment and social inclusion; sustainable development and the environment.*

bility, moving up two places in the ranking of the 8 Central European countries which joined in 2004, with the other Baltic state Lithuania improving its standing by one position; Hungary and Poland suffered the largest fall (down 2 places). The importance of domestic economic policies is stressed by the poor performance of Hungary since its EU accession took place.

Table 1

	<i>Per capita GDP at PPP, EU-27=100;</i>			<i>Change from 1998,</i>	<i>Change from 2003,</i>	<i>Change in position between new Member States (1998-2008)</i>
	<i>1998</i>	<i>2003</i>	<i>2008</i>	<i>% points</i>	<i>% points</i>	
Slovenia	77.7	83.4	90.7	+ 13.0	+7.3	1 [®] 1
Czech Rep.	70.5	73.4	80.1	+ 9.6	+6.7	2 [®] 2
Slovakia	52.1	55.5	71.9	+ 19.8	+16.4	4 [®] 3
Estonia	42.5	54.5	68.2	+ 25.7	+13.7	6 [®] 4
Hungary	54.6	62.8	62.8	+ 8.2	0.0	3 [®] 5
Lithuania	40.4	49.1	61.1	+ 20.7	+12.0	7 [®] 6
Poland	47.8	48.9	57.6	+9.8	+8.7	5 [®] 7
Latvia	35.6	43.3	55.8	+ 20.2	+12.5	8 [®] 8
EU-15	115.4	113.7	110.8			

Source: Eurostat and own calculation.

In terms of labour productivity, the convergence of Estonia and Slovakia after 1998 was extremely rapid, while Slovenia, Poland, and the Czech Republic were some distance behind, though still managing to record relatively swift growth. The poorest performance came from Hungary. After the EU accession Hungary started to diverge from the other countries, while the others managed to gain steady ground in this field. In the relative rankings of the countries to each other, the only change was that Slovakia overtook Hungary and the Czech Republic, Estonia bypassed Poland, and the Czech Republic Hungary. The current stage of economic transition in the individual countries, as well as the trends in foreign direct investment (which have played a large role over the last fifteen years in boosting productivity), and given the world economic turmoil, make it likely that within the Visegrad group the only probable change is that convergence may pick up in Poland when it bounces back from the economic crisis, while productivity growth will slow in Hungary, the Czech Republic, and Slovakia. The data clearly shows that Hungary failed to utilise those energies that were supposed to strengthen after EU accession while the rest of the Visegrad countries have achieved visible results in this measure.

Table 2

	<i>Labour productivity GDP in (PPS) per person employed relative to EU-27 (EU-27 = 100)</i>			<i>Change from 1998, % points</i>	<i>Change from 2003, % points</i>	<i>Change in position between new Member States (1998-2008)</i>
	1998	2003	2008			
Slovenia	75.2	79.3	84.3	+9.1	+5.0	1 [®] 1
Slovakia	56.3	63.4	79.0	+22.7	+6.6	4 [®] 2
Czech Rep.	60.2	66.5	71.8	+11.6	+5.3	4 [®] 3
Hungary	64.9	71.3	69.3	+4.4	-2.0	3 [®] 4
Estonia	41.4	54.6	64.7	+23.3	+8.1	6 [®] 5
Poland	50.7	60.0	63.3	+12.6	+3.3	5 [®] 6
Lithuania	40.9	52.0	61.3	+10.4	+9.3	7 [®] 7
Latvia	36.8	44.2	51.3	+14.5	+7.1	8 [®] 8
EU-15	114.9	111.6	110.0			

Source: Eurostat and own calculation.

The employment rate rose most in the three non-Visegrad states in past years (between 1999 and 2008), while the others have experienced only modest changes. A different trend can be seen if we look only at the years since accession, as Poland and Slovakia were able to increase their activity levels substantially. At the same time all but Hungary increased the productivity level. This data set also proves the divergence Hungary has shown since 2003. None of the Visegrad countries has made any headway on the EU-15 average during this ten year period; in fact, the differences actually grew for each of them substantially. Looking at the wider region, only Slovenia, Latvia, and Estonia improved their position in regard to the EU average.

All told, the positions of Slovakia, Hungary, and Poland did not improve in terms of employment rates, which may indicate the failure of labour market policies, a high proportion of unemployed citizens dependent on unemployment payments, and a flourishing black economy (e.g. due to high tax burdens and traditional features of the economy's structure), but may also be explained by structural and regional characteristics (mostly in the case of Slovakia). When looking at the relative position of the Visegrad countries one should note the significant lag Hungary has in the regional comparison.

Table 3

	<i>Employment rate among 15-64 year-olds, %</i>			<i>Change from 1998, % points</i>	<i>Change from 2003 % points</i>	<i>Change in position between new Member States (1998-2008)</i>	<i>Gap to EU-15 average in 1998</i>	<i>Gap to EU-15 average in 2008</i>
	1998	2003	2008					
Slovenia	62.9	62.6	68.6	+5.7	+6.0	2 [®] 1-2	+1.5	+1.3
Latvia	59.9	61.8	68.6	+8.7	+5.8	6 [®] 1-2	-1.5	+1.3
Estonia	60.6	65.5	67.6	+7.0	+2.1	4-5 [®] 3	-0.8	+0.3
Czech Rep.	65.6	64.7	65.3	-0.3	+0.6	1 [®] 4	+4.2	-2.0
Lithuania	62.3	61.1	64.3	+2.0	+3.2	3 [®] 5	+0.9	-3.0
Slovakia	60.6	57.7	62.3	+1.7	+4.6	5 [®] 6	-0.8	-5.0
Poland	59.0	51.2	59.2	+0.2	+8.0	7 [®] 7	-2.4	-8.1
Hungary	53.7	57.0	56.7	+3.0	-0.3	8 [®] 8	-7.7	-10.6
EU-15	61.4	64.5	67.3	+5.9				

Source: calculated by author based on Eurostat data

In regions undergoing rapid convergence it is common for gross fixed capital formation to be high (this holds especially true for Far Eastern countries with high savings rates). It is very important for such activities of the corporate sector to be high, as growth based on substantial investments from the public sector is often not sustainable and principally involves infrastructure, which forms the basis for corporate sector investment. One of the key conditions for balanced and sustainable growth in the long term can be dynamic investment activity in the private sector.

In recent years, two Baltic states, Latvia and Estonia, have been able to expand the investments of their respective business sectors substantially, with Lithuania following suit but to a lesser extent; such indicators generally worsened for the other countries, which, though it impacts negatively on the long-term sustainability of growth, also indicates that other demand factors dominated in the expansion recorded by most countries. The significant expansion of investments in the Baltic countries has primarily been funded through external resources, which, coupled with borrowing patterns of households similar to those that played a key role in the growing external economic crisis, will be a serious risk factor in the coming years.

It is worth noting that the rate of gross fixed capital formation in the corporate sector has declined in all of the other countries. However, while the national investment rate in the Czech Republic, Slovenia, and Slovakia is above 25% of

GDP, given the commitment of the state, Hungary and Poland record figures that are much lower than this. Developments in 2008 reinforce these trends, and for Hungary the situation is set to get even worse. An indication of the rocky time ahead for Hungary is that, of the new Member States, Hungary has the lowest gross fixed capital formation figure relative to GDP in its corporate sector, after Poland (the same goes for its investment rate). Unless efforts to increase the investment rate significantly in the coming years succeed, this will constitute a major hindrance to the pace of economic growth in the long run.

Table 4

	<i>Gross fixed capital formation by the private sector as a percentage of GDP</i>			<i>Change from 1998, % points</i>	<i>Change from 2003, % points</i>	<i>Change in position between new Member States (1998-2008)</i>
	<i>1998</i>	<i>2003</i>	<i>2008</i>			
Latvia	23.3	22.0	24.6	+1.3	+2.6	4 [®] 1
Slovenia	21.2	20.6	24.6	+3.4	+4.0	6 [®] 1
Slovakia	32.7	22.9	24.1	-8.6	+1.2	1 [®] 3
Estonia	25.5	27.2	24.0	-1.5	-3.2	2 [®] 4
Lithuania	21.3	18.1	20.2	-1.1	+2.1	5 [®] 5
Czech Rep.	24.0	22.1	19.0	-5.0	-3.1	3 [®] 6
Hungary	19.3	18.2	18.1	-1.2	-0.1	8 [®] 7
Poland	20.2	14.9	17.5	-2.7	+2.6	7 [®] 8
EU-15	17.6	17.0	18.3			

Source: calculated by author based on Eurostat data

Economic perspective of the Visegrad Group

International economic relations of the countries of Central Europe underwent a radical change between 2004 and 2007 on account of the two enlargement waves of the European Union, creating new conditions for economic development and convergence. EU accession lent new momentum to the economic growth and, therefore, to the convergence of all the new Member States, including the V4 countries – with the exception of Hungary, where the initially higher rate of growth had slowed substantially by 2007. Hungary’s living standards, measured in terms of per capita GDP have merely stagnated since joining the EU in contrast to the dynamic growth recorded in the other nine countries. Hungary’s per

capita GDP figure stagnated between 2004 and 2008 at a time when the other V4 Member States converged dynamically over the same period towards the living standards of the more developed EU countries. On the whole the region developed at a pace rarely seen in economic history, which accelerated the pace of convergence, though it would be practically impossible to repeat this in the near future. The economies in the Central European region are supposed to formulate a radically different economic strategy under the new domestic and international conditions. The impacts of the adverse developments were clearly visible in international comparisons, and they increasingly pointed towards a long-term trend that would be difficult to reverse. This also means that, as a result of entering the EU, the homogeneity of the Visegrad group countries in terms of their development path has ceased.

From the perspective of growth and convergence based on both internal (investments, consumption) and external (capital flows, trade) factors it is evident that the new Member States which have coped better with the crisis so far are those which have produced high but not overheated growth since accession, coupled with an appropriate level of external and internal financial stability, a low budget deficit, and a healthy public debt indicator. In the case of Poland an additional factor prevented a larger downturn. In other countries in the wider Central European region the credit based consumption and investment was much more widespread than in Poland, where the financial downturn was slower. In other states where credit was the most important factor for increasing demand, the sudden drop in the financial market resulted in demand shock, or, in other words, the over consumption had to be adjusted to the available income. This shock was much bigger in other countries than it was in Poland.

The economies of the Central European region need to formulate a different economic strategy under current domestic and international conditions. This strategy is different from the previous one in two regards: The first is that achieving fiscal balance becomes the number one priority, and the second is that the growth should be based much more on savings rather than easy credit. These changes affect the region's countries differently, because of their non-uniform initial position, but the mainstream of the "new" economic policy points in this direction.

The deepening crisis in the past two years required significant adjustment from all of these countries. This either meant improving the budget position or external equilibrium, which goes hand-in-hand with a decline in economic output and a rise in unemployment. Stabilising the situation essentially depends on how the international funding situation pans out. A protracted crisis triggers structural reforms and significant adjustments more quickly for countries in a worse

position from a long-term economic development perspective. This is why the conditions for long-term growth may turn out favourably in the countries most adversely affected – presuming they follow a satisfactory economic policy. Nevertheless, this may have severe social consequences in the Baltic States, but it can not be excluded in the Visegrad countries either.

The expectation for the post-accession period was that the need to comply with the Maastricht criteria would push the Central European countries to decrease the economic disparities between their countries and the former EU Member States. The indirect harmonisations of economic policies were supposed to be a tool to support convergences between their economies. In the longer run it is certainly true that outside pressures help indirectly with certain convergences of economic policies between the Visegrad countries, independently from economic policy coordination. This coordination has been almost non-existent during the past two decades and only being under serious (economic) security policy threats could alter the situation. This is exactly the case currently; however, developments in the region hint that the tools being chosen by the regions' countries vary and the dividing line is again between Hungary and the others.

In Hungary the visible government aim at the moment is to stabilise public finances with a revenue increase which is based on additional sectoral taxes, channelling private savings in the pension system into the budget and, at the same time, cutting income taxes both for households and the corporate sector. In the short run the Hungarian budget position, due to these steps will be in order, but the longer term consequences are not clear at the moment. The sustainability of the public finances and also the transfer system (pensions, social transfers etc.) will be questionable even as soon as 2012-2013.

Revenue side stabilisations have rarely been successful in the past 15-20 years in Europe. The mainstream stabilisation efforts in Europe, and those that followed in the other Visegrad countries, are much more based on the spending side. This difference explains why the future budget position and debt risk of Hungary and in the other three Visegrad countries is judged differently by the international actors at the moment. This is clearly reflected in the recent Moody's downgrading of Hungary' sovereign debt, putting it into the Baa3 category, while Czech and Slovak ratings are A1 and Polish is A2.

An interesting feature of each of the Visegrad countries is the changing international strategies of global firms. Many firms have been forced to search for further cost cutting in order to regain their competitiveness in the face of an economic environment where demand in several sectors is expected to stabilise at a lower level than before the crisis broke out. Under such circumstances, firms are eagerly looking for cost saving measures that in large firms may result in rethink-

ing their global presence, which leads to closing high cost production facilities and moving them to lower cost countries. As large multinationals in some cases are deterred from closing facilities in their home countries (because of government warnings, i.e. in some major Western European countries) they may choose to downsize their production in other high wage countries. The Visegrad countries are low cost locations and the capacities in some sectors (the car industry for example) are technologically modern and very competitive, so they can expect some additional investment as part of the global cost optimization strategies of multinationals. It is by no means an accident that in Hungary we witnessed several additional investments from big car makers in recent months, even while future prospects for economic growth and fiscal stability are still not very bright. This phenomenon is very promising as it demonstrates that Central European countries as locations are attractive for international cooperation, which can be an additional element in maintaining export-oriented growth in Hungary, Slovakia, and the Czech Republic. Poland stands out a bit from the region as the size of its domestic market makes it possible for it to rely more on domestic demand instead of the external demand that is the major growth component for the other three countries of the region.

Conclusions

1. During the first half of the nineties, Visegrad was a truly important framework in which the Central European countries could coordinate their foreign policies against the weakening Soviet Union. The creation of the Visegrad cooperation was also a result of the realisation that a kind of regional cooperation was necessary in the highly insecure, unstable world of the early nineties.

2. On the other hand, for varying reasons, the strengthening of cooperation was also in the interest of the Western world. In their terminology Visegrad covered the economically most developed countries of Central Europe that also were the frontrunners of political transformation. They urged Central Europeans to establish stronger cooperation in order to create a bloc against Russia. Intensified cooperation was also considered to be a necessary step towards European integration with which these countries would prove their capability to integrate into a larger system, the European Union.

3. Many politicians in Central Europe were afraid that cooperation would not be a preparatory phase, but rather be a final aim that would prevent EU integra-

tion of the whole region. This fear was big enough to stop higher level political cooperation, and room was given only for the creation of CEFTA, which deals solely with economic issues. Without a free trade zone among them, their products would have been in a dis-preferential situation compared to the goods produced in the EC (and EFTA) countries. It was the intention of the parties to establish a limited co-operation and not to go beyond that point.

4. The establishment of CEFTA was unavoidable after the signing of the Europe Agreements. It was also clear that security issues had lost some importance as Russia ceased to be a real threat to the independence of the Central European countries. That also reduced the need for any kind of political cooperation.

5. Beyond the increase of mutual trade in the region, it may be of some significance that the countries of the group have increased their experience in the area of multilateral co-operation and bargaining within CEFTA structures. It was an important practical lesson for those countries that joined the European Union at the same time.

6. Reports about CEFTA around the millennium were confined to the failures and “scandals” in the press, namely the cases in which members of the group introduced protectionist measures, be they tariff or non-tariff barriers. They were most often applied in the field of agriculture. These conflicts may have helped the EU candidate countries prepare for membership, as agricultural matters are among the most controversial in the EU as well. The sometimes severe, temporary disturbances of multilateral trade relations in the region did not give ground to draw conclusions of lasting relevance.

7. CEFTA provided a framework for the development of economic cooperation that anticipated a collective EU membership. This is why CEFTA became an important pre-accession instrument; for example, by providing a forum on various cooperative endeavours among its member states, including EU compatible issues such as free movement of capital, liberalization of trade and services, combating organized crime, expanding trade, etc. It became, in effect, a waiting room for EU membership.

8. The success of CEFTA and the Visegrad Group has been apparent in terms of the improvement in regional CEE ties and assistance in maintaining mutual political interaction and assistance. The initiatives represent a shift to the concept of cross-border cooperation as the most efficient way for CEE countries to approach the EU collectively. Visegrad and CEFTA have demonstrated how joint regional economic and political cooperation could yield important dividends for participating states and further contribute to facilitating their EU negotiations.

9. In the wake of the EU-accession, mutual trade and economic relations had intensified while the economic structure was being shaped mainly by microeco-

conomic relations through large foreign companies and their network of suppliers, and it was also driven by direct investments of small and medium-sized enterprises from the region. This period was also characterised by the emergence of large regional corporations gaining increasing influence at a regional level and interweaving economic ties along new patterns.

10. The indirect harmonisations of economic policies connected with adopting EU regulations were supposed to be a tool to support convergences between the Visegrad countries' economies. In the longer run it is certainly true that outside pressures indirectly helped with a certain convergence of economic policies between the Visegrad countries more than genuine economic policy coordination.

11. The current economic crisis may alter significantly the development path of the Visegrad countries. On the whole we may say that the previous economic development model of countries in Eastern Europe has ceased to exist. Development based on cheap external funding has been replaced by development fuelled by domestic savings, which will thus be better conceived but significantly slower. The economic processes of countries in the region will evolve similarly in the period after the crisis, following the significant divergence observed in recent years. Everyone will have to adapt to a new economic development model that will focus on gradually redressing the balance and mitigating the social implications of the crisis. External constraints will force countries previously not on a sustainable growth path to implement severe adjustments and corrections, which will primarily involve measures encouraging sustainability.

Defining key issues regarding economic cooperation in the Western Balkans

The Impact of the disintegration of Yugoslavia

In the majority of South Eastern European countries, an economic decline of about ten years resulted in a sharp fall in living standards. As opposed to the expectations of the population and against the ambition of politicians, the economic and political transformation has not resulted in prosperity and it has not created a basis for catching up with the West. In the Balkans, most of the production facilities were destroyed and many people have left the labour market. It also means that, currently, basically the reindustrialization and reestablishment of production facilities is the most important task, the distribution problem of income will come after.

The major reason for the 1990s economic crises in the Balkans was the dramatic decline of growth potential in the region. Fast liberalisation (the application of the Washington consensus) with such an underdeveloped position had a tremendously negative impact on the production capacities there. These factors together eliminated a significant part of the existing physical and human capital, thus the output generating capacity. Finally, the differences between the East Central European countries in terms of adjustment capability have increased substantially. Those countries that originally had a stronger economic base and were more successful in attracting FDI have substantially increased their resistance against business cycles as compared to the late transition countries of the Balkans.

As the experiences of the more advanced and quickly transforming Central European transition countries show, the sustainable improvement of economic conditions can only begin when a significant part of production capacities – either through privatisation, greenfield investment, or genuine domestic private initiative – become of a good enough quality enough to operate as the engine of growth (the indicator of this stage is generally substantially increasing export levels.)

Besides the immediate negative impacts of the Yugoslav disintegration we have to mention longer term economic problems in the region that are strongly related to history. Economic structures here were dominated by non- or low processed products (and in most countries this is still the case), although changes have started as a result of capital inflow, this was the main component of exports that further limited the pace and extent of industrialisation (as there was no demand-side effect on improvement) The economic dilemmas of the nineties and still in some countries are very similar to those that prevailed during the 150 year long economic and political transformation beginning in the 19th century. Through the twentieth century, the relative economic situation of the Balkans compared to Western Europe has remained unchanged. While there have been moments of ‘catch-up’ in the absolute level of backwardness, there has not been much change in relative terms. Given these longer term characteristics and the experiences of the unsuccessful catch-up, it also became clear that the growth path and the decisive determinants of growth have to be basically changed in order to achieve a real breakthrough compared to the previous periods.

Several dilemmas have arisen while finding the most suitable economic approach to the Western Balkans, most of them perhaps linked to basic questions researched by development economists. Three of them must be briefly ad-

dressed.¹¹ First: there is a dilemma between the priorities of development-driven and enlargement-driven strategies. Although several conditions set by the EU in its enlargement documents coincide with key issues of sustainable development, the EU-related adjustment process is mainly based on institution-building and legal harmonization, both of which are necessary framework factors of sustainable economic development and modernization. However, without genuine economic progress, these framework conditions remain simply a Potempkin facade without contents on which genuine cooperation in the “club” could be based. Second: it is not only a dilemma but, in many cases, a misconception to start from the assumption that trade integration with the EU can replace comprehensive development cooperation between countries at different levels of economic development. Certainly, particularly in the case of small and export-oriented countries, free access to key external markets is a crucial element for growth, structural change, and employment. However, the historically established development gap cannot be overcome simply through trade integration, even if it is understood to be asymmetrical, but, at the end of the day, a reciprocal process. Third: a similar gap is revealed between expectations (conditionality) and reality of regional free trade agreements. There is no question that, in principle, regional trade liberalization can contribute to economic growth, cross-country specialization, and increased attraction of foreign (and regional) investors. However, this cannot act as a substitute for trade with large partners located outside the regional free trade zone. Moreover, even the potential positive impacts can be limited by bilateral protectionism (despite the text and spirit of the respective free trade agreement), similar production, export and import structures, administrative barriers (customs, taxes, etc.), the state of the physical infrastructure (including border crossings), and the disruption or lack of regional business networks.

The Current State of the Economies in the Western Balkans

Analyses of economic growth trends in the previous economic era (before the political system change in the early nineties) no doubt proves that the improvement of the region’s economic development and real catch-up requires a substantial change in the basis of growth that creates conditions for growth factors in our times. The inability to close the economic gap is not a consequence of a special

¹¹ Inotai (2007).

economic and political order, but instead implies the peripheral situation of the region that makes a rapid catch-up very difficult. A certain problem still exists in the Western Balkans: a new basis for long-term sustainable growth and development is still missing.

The trade liberalisation immediately following the system change resulted in a surge in imports. Sometimes dynamically increasing imports may be an indicator of a following increase in exports that, with positive contribution to GDP growth may result in improving living standards. However, for many years this was not the case in the Balkans due to the earlier mentioned destruction of production capacities in each country. This kind of import, thus, could not become a so-called 'modernisation import', a type that includes imports of modern, high technology level production means. If modernisation imports become a significant part of total imports, one may count improvement of capacities that are aimed at improving the quality and competitiveness of the production that eventually may result in an export surge. In Central European countries these modernisation imports finally really were transformed into export capacities, but in the Balkans only the first signs of this can be identified.

The Balkan countries at the end of the nineties mostly produced poor economic indexes and their economic restructuring was very slow to unfold. There was a general stabilisation of economy in the former socialist countries of the Southeast European region during the first years after 2000. The rates of GDP growth were relatively high on the one hand, and inflation was being moderated or it was relatively low, and there was a growing dynamism in the size of foreign capital investments because of decreasing regional risk and production costs that were lower than in the Central European countries.¹² In the 7-8 years leading up to the 2008 international economic crisis, the external conditions for these countries were favourable and the economic restructuring and the modernisation of the institutional system had accelerated. Favourable external conditions for some countries meant closer accession dates, the ending of international isolation, the resulting institutionalisation of the foreign economic system of relations, and a relatively balanced and more predictable level of long-term bilateral and multilateral donor support. The acceleration of economic restructuring meant the launch and maintenance of longer-term structural reforms and a commitment to privatisation. However these countries were facing a number of common economic problems, many of which are still causing daily problems there.

¹² On the economic stabilisation process during the first years of 2000' see more: Inotai–Novák–Szemplér–Szanyi (2006).

All of the transforming countries in the Balkans had struggled with huge and unsustainable trade deficits in the years before the crisis. The initial balance of trade and payment deficits in the transforming economies could only be maintained in the longer-run and eventually made financeable if export revenues begin to rise dynamically. Otherwise import will encourage domestic consumption or import substitute production, resulting in growing deficits beyond financeability. From this it follows that a given country's statically viewed foreign trade deficit will not necessarily present problems; however if this deficit is not turned into a means of growth and development, it may lead to instability and crisis. As a result of the crisis, right now all the transforming countries in the Balkans are characterised by ever poorer living standards and – owing to the resulting fall in imports – by improving foreign trade balance figures, which is still not accompanied by improving exports. The crushing balance deficits have subsided, yet the economies have not succeeded in becoming more competitive. It is questionable whether foreign balance is able to be maintained in the longer run as the impacts of the crisis fade away.

The level of unemployment in all Balkan countries is high, which is primarily a result of the significant downsizing of industry and production capacities in the region. Of course, there are significant differences between the individual countries. Another sign of internal imbalance is that the number of people seeking to make a livelihood in the grey and black economy is on the rise. What's more, the contribution of agriculture to the GDP has expanded in all countries, and in some states even the percentage of agricultural workers among all employees has increased. Economically speaking the region is unquestionably backward, as some areas of former Yugoslavia are beginning to show features of pre-industrialisation. This problem is difficult to solve as the level of domestic savings is generally low, foreign loan capital is scarce as international liquidity is not expected to return soon, and foreign direct investors seem overly cautious in countries that have sizeable political and economic risks.

The countries of the Western Balkans are struggling with high and often unsustainable fiscal deficits aggravated further by the crisis of the past three years. The quality level and (in)stability of state finances is a grave problem; there is a general and widespread pressure to minimise state expenditure and to reform public administration in the successor states of former Yugoslavia. In many cases, this requires or entails significant staff cuts and the restraining of wage increases in the state sector, the result of which is a falling living standard and increasing problems in the labour market as the business sector is not able to swallow more employees due to weak domestic demand (export demand is above weak as there is hardly any competitive export production in the region.)

The less developed regions of the West Balkans encompass countries which one day may become financially sound partners even on the international scene (unless a radical reshuffling takes place). In the meanwhile, the institutional system will be gradually cemented, the laws required for the proper operation of market economy will be approved and in force, and the foundations for a market economy will be laid down. If we are seeking to find a clear premise to characterise the period leading up to it, perhaps we ought to observe the transition of the Central European countries in the early nineties. Something very similar was going on in this region; something similar to what the West Balkans are currently going through (except that the problems faced then were somewhat less severe); without, of course, the need for the kind of international intervention that the Western Balkans badly needs in order to trigger and maintain the economic transformation process. The countries of Central Europe had lost their foreign markets in the beginning of the nineties, the internal economy had undergone a major decline, companies in mass were being closed down (this is analogous with the South Eastern European deindustrialisation process, but on a larger scale), many of the countries were in need of foreign support (Hungary, for example had huge foreign debts posing a real threat to its liquidity) so there was a strong pressure (figuratively speaking: conditionality) to accelerate economic transformation and to place emphasis on the involvement of private capital. Central European countries could more or less fulfil this by relying on their own resources, but there is a great difference in economic, internal political, and security policy disposition with the Western Balkans. However, external coercive pressure is also evident in that with the onset of the EU-integration process and the conditioning of accession upon the fulfilment of criteria, these countries are also forced to satisfy conditions defined by the international community, which, in this case, means gradual adoption of the laws of the EU and meeting the Copenhagen criteria.

Regional prospects, key tools for improving regional cooperation

The Balkans encompass economically very different countries. Therefore we must be careful not to make any generalisation on the whole of the region. Nevertheless, it is still possible to describe general features that may help better understand the reasons behind instability in the region. When examining today's situation, it is not possible to overlook the fact that economic dilemmas are not much different from those of previous decades (or even centuries for that matter). The

key breakthrough points for the economy from the middle of the nineties have focused on the following main goals:

1. Priority number one is the development of infrastructure. Transport and freight costs must be reduced, otherwise trade cannot become the driving force behind growth. (Croatia, of course, is an exception in this regard also just as much as regarding its integration with the EU.)

2. The second key area is the development of the private sector. As long as the local banking system and the local entrepreneurial sector is not sufficiently developed and financially strong, the responsibility for making investments will continue to rest with competitive foreign companies with more readily available financial resources.

3. The third priority issue concerns the restructuring and modernisation of industry. The foreign trade-oriented sectors must become the driving force behind growth. By and large, these countries have capital resources that are economically non-viable and will take a long time and lots of investment to replace. The manufacturing industry in general is dominated by low or, at best, medium level technologies, and characterised by poor product quality and a high share of heavy industry. A sectoral approach would be needed that can help identify which sectors ought and ought not to be developed and modernised; which areas international support ought to be targeting, and how privatisation within the particular sectors ought to be implemented.

These priorities are still important ones and there are three very important correlations in this regard to point out.

- On the one hand, in the majority of the more developed Central European countries, the costs of production have significantly increased in the past few years and the process – evident in a couple of countries – by which foreign investors operating in labour intensive sectors relocate their activities to countries with lower labour costs has accelerated. It is yet to be seen whether foreign investors will find these less developed countries sufficiently stable to move their production capacities there, or will favour a completely different location on the globe in recognition of the opportunities of a global market.
- On the other hand, the process of secondary privatisation has begun (this means that with the application of the allocation methods, assets have been placed in the hands of domestic investors with little capital to dispose. These private owners are now themselves seeking investors to diversify investment in their companies), which in many cases means concentration of assets in the hands of foreign investors. This process is inevitable and necessary to strengthen corporate management and to raise more capital. The benefits of

privatisation with FDI and greenfield investments in the development of export capacities are obvious in Central European countries.

- Thirdly, because of the uncertain economic and political situation in the region, western investors are cautious in their approach; this, however, gives investors in the neighbouring states of the Western Balkans countries a chance to enter and penetrate the market. It is obvious that when multinational companies enter any given country, the companies from the less endowed regions with little capital will hardly stand the competition; i.e. regional competition is sidelined in the presence of multinational capital. If, however, world companies are not present, the weaker regional investors can divide up the market among themselves and – essentially competing with each other – they can make new and new successive investments. (These are, of course, much smaller in volume on average than those of multinational corporations.) These are the types of investment we now can mostly expect to see in the Western Balkans. Independently from the institutional setting, the relations with the EU, or free trade, business promotion can be the most suitable tool for strengthening regional ties.

Prospects from an economic point of view largely depend on economic development that mainly requires further influx of capital, as domestic savings are still not sufficient for the level of investments needed for an economic catch-up.

The Western Balkan countries face not only a development gap characteristic of Central Europe. Their economies are also less developed, much weaker, still need to undergo most of the decisive structural changes and lack the critical mass of international productive investments. Thus, the evolution of a positive role for free trade is not supported by a rapid increase of output that could be exported to liberalized markets. The lack of output is tangible both in the insufficient volume of exportable goods and services and in the insufficient level of competitiveness. Therefore, trade liberalization is a necessary and favourable instrument that can contribute to economic development. However, for the sustainable economic development of the Western Balkan countries, it is far from being a satisfactory external contribution.

Defining key issues regarding economic cooperation in the EP Countries

The Impact of the disintegration of the USSR

In the course of the disintegration of the Soviet Union, the COMECON was dissolved and its members started to orient themselves towards third countries and regions immediately. The aftermath of this political disintegration also hastened a process of economic disintegration which went far beyond the immediate effects of systemic economic reform (macro-economic stabilization, price liberalization, privatization, legal and regulatory reform, and, more generally, the building of market institutions, etc.). The economic performance of the CIS countries began to plummet after they became independent states and switched to a new economic order, and no improvement was seen until around 1999. The decline between 1991 and 1998 was approximately 40%. Thereafter the annual growth rates – at CIS level – settled at around 5-9%, but in 2004 the gross domestic product was still around 15% lower than the level recorded in 1989.

Some key elements of this disintegration of the previously highly-integrated economic space were as follows in the post Soviet area:

1. The previously existing integrated payments and the non-cash inter-enterprise settlement system collapsed. As a result, enterprise relations broke down, financial arrears mounted, and a long wave of bankruptcies evolved. Industry relations became scattered and the financing of business transactions became extremely difficult.
2. As the Soviet Union functioned also as a fiscal Union, financial transfers to the less developed republics were significant, reaching between 5 and 30% of GNP in the Central Asian Countries. This fiscal revenue was a very important resource for investments that were a precondition for growth. The cutting of these transfers had a very negative and immediate impact on the net beneficiary countries.
3. Implicit price subsidies were reduced or eliminated, including those for energy. This price subsidy was perhaps the most important tool to control prices and also secured cheap fuel for households and the corporate sector.
4. Formal customs and trade barriers were introduced, making legal commerce difficult. In addition, informal trade and transit barriers became common (corruption). Some of the republics' borders were closed, for reasons of conflict, security, or economic policy. Clearly the disruption of economic relations

definitely contributed to the much larger economic decline in the Post Soviet area than in Central Europe.

5. Transport prices were raised and transport services restructured, which led to longer delivery times. This also contributed to the sudden shrinking of trade figures within the region concerned.
6. Integrated power grids collapsed (in the South Caucasus and Central Asia).
7. Several thousand Russians, many of them highly skilled, returned to Russia from other CIS Republics, esp. from Central Asia. They faced, and caused significant problems of resettlement in an economically depressed Russia and also impacted negatively on the knowledge base of the countries they left. The migration issue also gave rise to ethnic tensions in several countries.
8. The central bureaucracy ceased to exist and new administrations had to be created in the former republics. The result was a weakening of administration that led to an increasing number of internal conflicts with and between republics, sometimes leading to ethnic clashes, and an increasing number of refugees and intensification of crime.

These changes were much more complex than those taking place in the Central European region where independent and more developed countries faced the challenges of economic transformation. As a result the economic depression in the former Soviet Union was much more pronounced than in the external part of the former COMECON area. This was reflected in certain data and trends as well.

First, on a macroeconomic level the transition recession was most severe for the small, land-locked CIS republics which were most dependent on external links and financial transfers. Obviously relying mostly on domestic poor endowments with production factors and without transfers coming from an external source led to immediate crisis there. In contrast, the transition recession was less serious for the countries of Central Europe, which were the least integrated into the Soviet system. Although they too suffered a disintegration shock, their own economic structures, production basis, and geographical location made possible a swift economic reorientation and also helped the immediate start of reintegration into the world economy through FDI and trade flows. Russia, Ukraine, and the Baltic countries fall in between the two previously mentioned country groups in terms of the severity of both the transition recession and of the disintegration shock. The cause of the much more severe recession in the Baltic countries compared to that in Central Europe is explained by their closer integration with Russia at the time of the break-up of the Soviet Union. On the other hand, they were able to recover from the transition recession much sooner than Russia and Ukraine. This was due, to a large extent, to their small size and the underlying market-oriented economic reforms that coupled with their progressive integration with Western

Europe. They also did not suffer from the internal disintegration which characterized Russia and Ukraine. The economic decline, which essentially continued until 1998, was quite substantial in some countries and regions. For example, boycotted by its neighbours, Armenia was only able to show barest traces of investment activity throughout this period, and the situation was not too much different in Moldavia and Kazakhstan. Investments fell in Ukraine by four-fifths and in Russia by three-quarters over this period.

Second, trade suffered an extreme fall in terms of both volume and value. For the CIS, internal trade declined by over 80% between 1991 and 1993. Between 1990 and 1992 exports among the FSU republics dropped from \$320 billion to \$20 billion.¹³ Over time the CIS countries, to varying degrees, were able to reorient their trade flows to the rest of the world, though this did not offset the trade losses they had incurred from the collapse of their intra-CIS commodity exchange. Trade shocks explained most of the GDP declines all over the East Central European region, though in the more developed and non land-locked countries the reorientation and development of international trade somehow was much more successful than in those countries with an unfortunate location.

Only after the Russian financial crisis did an economic growth process start in the region, partly driven by the extremely low base data. Following the financial collapse which took place in Russia in the late summer of 1998 the road forward has led nowhere but upwards. On the other hand, the strengthening economic power of Russia primarily due to favourable price development for energy exporters had a positive impact on the whole region as well. Despite the implemented and continuing process of disintegration, the CIS countries still “laugh and cry” with Russia. The largely common and standard infrastructure could not be dismantled everywhere and, where this did ensue, it often resulted in distorted solutions. The similar and complementary production structures of the individual CIS countries require special forms of co-operation: e.g. Ukrainian metallurgy, the airplane industry that exports to many countries, and nuclear power plant development are inconceivable without Russian co-operation.

¹³ Munkácsy (2005).

The Current State of the Economies in the Post Soviet Area

Focusing on the EP countries, despite the many similar features given their common past, there are substantial differences as well. The economies of the region differ from each other in terms of their economic prospects, a difference that is explained by their varying sizes, locations, and endowments with energy resources and raw materials. In general, each of the countries has experienced favourable growth trends through the several years preceding the 2008 economic crisis. As far as the individual country processes are concerned, the following main trends can be observed.¹⁴

Armenia had over 10% GDP growth yearly on average before 2009 for almost a decade. However, the country's growth potential is still very limited due to its obsolete industrial structure, its land-locked geographical location, and the lack of natural resources. Given these unfavourable conditions Armenia continues to be the poorest country in the South Caucasus. Its structural features, among with the extremely high share of construction industry, reflects its one-sided economic growth and also explains the large GDP drop in 2009. The country is dependent on Russian energy supplies and Russia also controls major economic sectors through its investments. There is also a peculiar feature of the country: the large number of remittances of Armenians living or working abroad which are sent back to fuel domestic consumption. Recently this flow of remittances also decreased, and domestic demand problems emerged.

In contrast to Armenia, Azerbaijan is richest country in the South Caucasus due to its oil and natural gas reserves. The favourable terms of trade changes in recent years for the country's export products ensured its rapid economic development and large revenues. The country almost exclusively depends on the export of natural resources, which poses some vulnerabilities for the country. Thanks to revenues from the export of fuels, which have risen in the last decade, Azerbaijan's economy has been developing steadily. In her case the danger of 'Dutch disease' is mentioned several times, as industrial diversification is still lacking, investments are almost exclusively oriented towards the natural resource sectors, preventing large scale modernisation in other branches of the economy. Due to its geographical location, Azerbaijan could be an important transit route for natural resources imported from Central Asia. The key export routes of Azerbaijan's natural resources lead westward through Georgia and Turkey. The country has diversified market interests, including Russia, the other CIS states, and the EU.

¹⁴ In order to follow a similar approach the major sources of economic informations are international comparative analyses prepared by IMF and data available at www.easternpartnership.org

Azerbaijan is also supposed to be an important supplier of gas to the Southern Gas Corridor transfer routes.

Belarus is also a special case in the EP area from the economic point of view. During the past few years the government re-nationalized a number of private companies, and state interventions in the operation of private business through pressures by central and local administrations are widespread. State owned companies generate around 75% of country's GDP. Continued state control over economic operations make it very difficult to carry out market-based operations. The GDP trends were in line with the general trends in the post Soviet area, and were favourable before the 2008 crisis; average yearly growth was around 7% for almost a decade. Belarus enjoyed a very favourable oil prices due to a special relationship with Russia that was also an important factor for maintaining high growth rates in spite of the existence of the inefficient, large state sector. Easy access to Russian markets also supported economic activity. Of the EP countries, Belarus has the deepest relations with Russia. However, due to falling demand for export products with the deepening of the crisis, and because Russia raised prices for gas substantially, the balance of payment position of Belarus worsened dynamically, leading to a standby-agreement with the IMF to assist with BoP shortfalls. In line with IMF conditions Belarus devalued the Ruble more than 40% and tightened some fiscal and monetary policies. In the field of international cooperation here it is worth recalling that Russia, Kazakhstan, and Belarus launched a customs union at the beginning of 2010 and in December they signed an agreement to form a Common Economic Space, while Russia removed all Belarusian oil duties.

Georgia has introduced several reform measures since 2004, the aim of which was to liberalise the economy and attract FDI in order to modernise the obsolete economic structure of the country. As a result of the reforms GDP growth was around 10% in the years following. However the conflict with Russia, coupled with the unfolding of the economic crisis, hit the Georgian economy hard. The outdated structure of the economy is best reflected by the overwhelming share of agriculture in employment, while the sector contributes only modestly to GDP production. Georgia is almost completely dependent on the import of energy resources, mostly from Azerbaijan. The construction of the Baku-T'bilisi-Ceyhan oil pipeline, the Baku-T'bilisi-Erzurum gas pipeline, and the Kars-Akhalkalaki Railroad are part of a strategy to capitalize on Georgia's strategic location between Europe and Asia and to develop its role as a transit point for gas, oil, and other goods.

Moldova is one of the poorest European countries. The Moldovan economy depends heavily on agriculture, fruits, vegetables, wine, and tobacco. Moldova's dependence on Russian energy was underscored at the end of 2005, when a Rus-

sian-owned electrical station in the Transdnistria region cut off power to Moldova and Russia's Gazprom cut off natural gas in disputes over pricing, and again in January 2009, during a similar dispute. Russia's decision to ban Moldovan wine and agricultural products, coupled with its decision to double the price Moldova paid for Russian natural gas, slowed GDP growth in 2006-07. However, in 2008 growth exceeded 7%, boosted by Russia's partial removal of the bans, solid fixed-capital investment, and strong domestic demand driven by remittances from abroad. The country reversed course again in 2009, due to the onset of the global financial crisis and poor economic conditions in Moldova's main foreign markets, which dramatically decreased remittances. The estimated number of expatriate workers from Moldova, who work mainly in Russia and EU member states, is nearly one million (1/4 of the population), and remittances from abroad account for approximately 40% of Moldova's annual GDP.

The Ukrainian economy suffered probably the most due to the dissolution of the USSR. GDP went into freefall and, as a result, in 1999 was only 40% of that in 1991. After this very painful period a high growth decade followed, especially due to a favourable international economic environment that pulled up the country's exports, which are concentrated mostly on metallurgical products. At the same time domestic demand also contributed positively to GDP growth. In 2008 the country was able to join the WTO, forcing the country to harmonise its regulations to international standards, which makes it a more reliable business partner as well, and ensures improved access to international markets. The global financial crisis of 2008 had a strong, adverse impact on Ukraine. The sudden fall in demand on global markets caused a reduction in production by as much as 50% in the key branches of the country's economy (the metallurgical and chemical industries). In effect, GDP fell by 15% in 2009. The first signs of economic recovery were observed in 2010. Ukraine is almost totally dependent on Russian fuels (oil, gas and nuclear fuel); its attempts so far at diversifying its supply sources have been unsuccessful.

From this short macroeconomic overview it is clear that the countries in question are very diverse. This diversification is primarily related to their natural resource reserves. This makes most of them dependent on Russian energy supply to various extents. Those countries that have enough reserves are in a good position regarding their independent economic development, while others depend entirely on Russian energy and are in desperate need of Russian goodwill. In addition, the attempts to diversify energy relationships in most cases have been unsuccessful. In spite of these substantial differences between the countries, their economic development shows certain similarities that are explained by changes in the international economic environment. After the shock of the USSR's dis-

solution, a favourable international growth environment both in Russia and on a global level ensured GDP growth in the whole region. It is also clear, however, that if Russian economic performance were bad, most of these countries would face serious economic problems, which proves the important role Russia plays in the economic development prospects here.

The Current State of Economic Cooperation in the Post-Soviet Area

The interest in the integration of the countries in the region theoretically is large, their varying sizes aside, but certainly for the smaller countries integration and cooperation with their regional neighbours is essential, serving as a basis for integrating with third countries, given their unfavourable geographical location. In this they need a lot of aid from the outside. On the other hand any kind of integrational effort within the region should be based on some principals.

- Generally speaking, cooperation should be different from how it was in the past. Inefficiency and artificial structures can not serve the final objective of the countries in the region.
- Any cooperation has to be integrated into the global economy. Trading blocs with high protections today do not meet the requirements of today's globalised world.
- The role of Russia and these countries' relationship with Russia are crucial, as it is still the major player in the region. The main reasons behind the failures of integration attempts tend to be rooted in the role of Russia. Russia's dominant disposition makes partners reluctant and they tend to think twice before getting involved in the implementation of ventures that are often seen as new domains for Russia to exercise its power. Another major factor hurting integration is hesitation to partner with third countries outside the CIS (e.g. to the European Union); any such step would automatically exclude the concerned party from a favoured relationship with Russia, as these relations are – often, it seems – seen as mutually exclusive.

Despite of the need for integration within the region, it is essentially the centrifugal trends that prevail within the CIS. There are two main reasons for this: the first is the opposition and tensions within the Commonwealth. The second is

the ground gained by westerners, economically, politically and militarily, with the United States marching at the head.¹⁵

In spite of the disintegrating processes, a theoretical opportunity exists to increase of the present degree of integration and readiness to cooperate, the retention of the post-Soviet economic region aside. These opportunities are:¹⁶

- The entire post-Soviet region comprises a huge market, which allows for the exploitation of opportunities in economies of scale, provided that the free movement of factors within the region is secured.
- It is often argued that the cultural and linguistic community and scientific cooperation is a great opportunity, even though it is steadily losing significance.
- The geographical – Eurasian – position of the post-Soviet region may also be a facilitator in preserving and strengthening cooperation, particularly when we think of the opportunities inherent in massive infrastructural projects. (The present infrastructure does little to exploit this potential.)
- Operating as integrating links, there are interpersonal, transborder - often kinship - relations, which play a key role in the relatively intensive labour market mobility around the CIS.
- Economic problems (one-sided structure, the problem of poverty, the still low level of financial intermediation, etc.) are in many cases similar, which may also be a good foundation for common thinking.

Besides the failed CIS-level notions, there have also been various integrating experiments involving a number of smaller groups in the post-Soviet region, which have generally involved the countries of the Eastern Partnership. Drawing on the experiences of the failures of CIS-level initiatives, in the past two decades, Russia has played a leading role in a number of integration attempts affecting a few post-Soviet countries within the CIS. These integrating initiatives are also similar in that they see the European Union as a reference point and envision a similar form of integration. It is partly this misguided objective to mimic the EU that makes these cooperation attempts inherent failures, together with the conflicts of interest that are evident in a number of specific issues. The unresolved dominance of Russia poses a great dilemma in all cases.

The Eurasian Economic Community (EurAsEC).¹⁷ The Eurasian Economic Community had originally tempted its founders with the reality of the formation of an integrating bloc based on real, mutual interests and the subsequent launch

15 Grinberg (2006).

16 Ludvig (2008).

17 The classification of integrational efforts according to the degree of Russian involvement is taken from Glinkina (2008).

of a new, independent power centre. The ultimate goal is to establish a common market and perhaps to simplify payment and accounting systems. EurAsEC did not, however, fulfil expectations; it did not promote trade between the concerned countries and did not facilitate mutual economic relations in general. Integration objectives have also been slow to be fulfilled, especially in contrast with the original, very imposing plans. Based on these plans, the customs union ought to have been established long ago and by 2008 the common monetary union should also have been born. In contrast to this, customs union talks are still under way and there is no agreement on a timetable for progress, although the customs union negotiations between Russia, Belarus, and Kazakhstan were successfully concluded at the end of 2007, (also, this integrated group faces variable geometry), and in 2010 the relevant agreement entered into effect. At the same time, free trade is not all-encompassing; there are a number of exceptions and restrictions in force regulating trade between the member states, a few years ago even anti-dumping procedures were put into place. Among the problems in the background, one that is most likely to be important is that EurAsEC encompasses the richest and the poorest countries in the post-Soviet region; also, some of the Eastern Partnership countries are members, while others are observers (Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan), which may lead to disharmonious economic interests, even if there are no serious conflicts between the countries in terms of their foreign trade aspirations and their level of exposure to external “threat”.

Common Economic Space. Being the second largest economy of the post-Soviet region, Ukraine has shown reluctance towards all forms of integration within the region throughout the process, opting for the comfortable status of observer as opposed to becoming an active member in these initiatives. For this very reason it was a major event when Ukraine joined an integration in the early 2000 that also happened to be a Russian initiative: the Common Economic Space (CES-4) of Russia, Belarus, Kazakhstan, and Ukraine. Their aims included synchronised economic policies, legal harmonisation, and the coordination of the WTO-accession processes of the members. The new notion had envisioned a classic route to integration, leading from free trade through a customs union and common markets to an economic (-financial) and political union.

This new integration initiative has been in the centre of international public interest from the onset; it was the first successful move to unite the four largest post-Soviet economies which – above all – tend to be closely interwoven. At the same time, the Ukrainian membership seemed to have rubbed away the former sharp dividing line within the post-Soviet region between the anti-Russia groups and those with Russian participation, which had only underlined the political importance of this new initiative. Ukraine’s cooperation was not only considered

important from the sidelines, but also within the new integration, given that – in contrast to previous integration attempts – it carried the promise of being a realistic opportunity to counterbalance Russian dominance, provided that the three countries: Ukraine, Belarus, and Kazakhstan, were able to take sides and be on a common platform regarding certain causes. The above goals had, however, carried the potential for some serious problems from the very start. In the European Union the foundations of the new common policy that would treat Ukraine as an important target country, the new Neighbourhood Policy, were already taking shape. The Russian initiative also seemed a form of revenge against the EU expansions motivated beside political considerations by purely economic necessities.

The Ukrainian party, however, had made it decidedly obvious that it intended to limit its cooperation in creating the free trade zone. This was – according to the Ukrainian position – an integration level that did not pose a threat to the European integration which had, in the meanwhile accelerated and been given new elements. Today the CES-4 has been reduced to CES-3, which killed the very essence of the original notion. (The remaining three countries are already engaged in a similar cooperation under the frameworks of the EurAsEC.)

The history of integration attempts without Russian participation within the post-Soviet region aiming to counterbalance or outright break the dominance of Russia goes back to the early and mid-nineties. The Central Asian countries were in 1993 already running consultations about establishing a Central Asian cooperation organisation (this paper will not treat this matter as the initiative does not extend to any countries within the Eastern Partnership), then, in 1997, a cooperation initiative was launched without the European and Caucasian countries of the CIS, which later became known as the GUAM Group with the participation of Georgia, Ukraine, Azerbaijan, and Moldova. Members include states that are most reluctant to open up to Russia and which are seriously comprehend Russia's hegemony within the post-Soviet region. The formation of the group was primarily politically motivated; however, economically speaking the members show little homogeneity, there are huge differences in terms of development and the economic ties are not strong enough to make it a real integration. In contrast to the other integrations formed in the post-Soviet region, GUAM shows the weakest degree of commercial and trade interweaving of the economies, although it may show great variance from country to country and export and import volumes may also vary greatly, trading with the other members by Ukraine is explicitly marginal. GUAM's original aim was to connect Europe, the Caucasus, and Asia through large transport corridors.

The problems associated with GUAM tend increasingly to reach beyond the borders of the post-Soviet region. Because of the important transit role and the

Azeri oil reserves – similarly to the Central Asian region – the group is being followed with ever increasing interest by the most prominent power centres of international economic and political life. The United States of America and the European Union both pursue active politics in the region. Partly in relation to the large-scale energy projects taking shape, the objectives of the cooperation may coincide with the aims of other countries beyond the borders of the post-Soviet region. On the other hand, the anti-Russian disposition is also a feature that may direct the attention of other countries onto the organisation. Mainly due to these two factors the organisation also has observers from countries outside the CIS: Latvia and Turkey. In May of 2006, GUAM was transformed into an international organisation and renamed the Organization for Democracy and Economic Development; as such it can no longer be considered regional cooperation within the post-Soviet region and particularly not an economic integration. The declared aim of GUAM is to open up to the rest of the world, hence cooperation tends to reach beyond integration matters within the post-Soviet region.

With the announcement of the Eastern Partnership,¹⁸ the EU has once again displayed a regularly recurring feature in its approach to the building and shaping of its external relations (as was clearly the case in the Visegrad countries and the West Balkans). On the one hand, it has once again created a block of countries that may well be similar in many respects, yet are different in terms of a number of essential features (such as their willingness to join the EU at some future time or not). On the other hand, with the initiative, the EU has gained time to provide answers to questions such as, for example the Ukrainian, Moldavian and Georgian EU-membership ambitions. The Eastern Partnership, which does not rule out the possibility of prospective membership, is a flexible framework, which gives EU-aspirants and their supporting EU partner countries hope, and also satisfies the demand of partner countries who do not aspire for membership but still seek strong cooperation with the EU, and also fulfils the desires of EU Member States who wish to put off enlargement of the EU with countries of the Eastern Partnership at this stage.

At the core of the multilateral economic dimension of the EP lies the deep and comprehensive free trade agreement (DCFTA) aiming at economic integration. In certain partner countries, the tangible results of energy cooperation proclaimed under the framework of the Eastern Partnership may be seen as attractive, particularly those that may alleviate the tight grip of Russia. Yet, there is little specific progress to show in this regard. The EU in the region finds itself facing a number

18 More on this issue and the debated topics see: <http://www.easternpartnership.org/>

of – often much more generous – challengers (e.g. Turkey, Russia, China). It is important for us to understand that the competition either does not make closer relations conditional upon any criteria, or if criteria are set, they are considerably lighter than what the EU would impose. In addition to this, the objective of economic integration does not – obviously – aim towards an economic integration with the EU. Belarus is, for example, a member of the recently launched Russian-Kazakh-Belarusian customs union, while free trade and closer economic integration objectives within the CIS emerge time after time, with Ukraine pressing for them recently with an increased fervour.

Cross-regional Aspects of Key Issues and Best Practices, Recommendations

During the first half of the nineties, Visegrad was a truly important framework in which the Central European countries could coordinate their foreign policies against the weakening Soviet Union. The creation of the Visegrad cooperation was also the result of the realisation that a kind of regional cooperation was necessary in the highly insecure, unstable world of the early nineties. However, many politicians in Central Europe were afraid that the cooperation would not be merely a preparatory phase, but rather a final goal that would prevent the EU integration of the whole region. This fear was big enough to stop higher level political cooperation, giving room for the creation of CEFTA to deal only with economic issues.

In recent years there have been attempts to draw conclusions from regional cooperation initiatives in Central Europe in order to spread the ‘best practices’ to the Eastern or South Eastern less developed countries. The key question is how to manage a regional cooperation in order to achieve the largest positive impact. From the experiences of the Visegrad cooperation, it is evident that the interest of the countries in a given region may differ extremely, in spite of similar economic developments, which makes the elaboration and implementation of a really contentious cooperation especially difficult. The main features of ‘best practices’ regarding regional cooperation are the following:

1. Political cooperation has worked only if external pressures and threats were strong enough to force the countries to strengthen their ties. Economic relations are much easier and more natural to be developed. In this regard, governments may create favourable conditions for business. High level and expert meetings among political leaders and economic policy makers can create a favourable at-

mosphere for deepening economic ties. Common economic interests have to be realised (with a special emphasis on trade, investments, and infrastructure.) This friendly environment is a prerequisite for strengthening the economic activities of enterprises in each others' economy. So the first step is to strengthen the relations at the macro-level and to find common economic interests.

2. It is also assumed that there is low interest in regional cooperation if it is not connected with the process of EU integration. Thus, multilateral regional cooperation has to be supported by bilateral processes of EU integration. Countries having an EU accession objective have to deepen every kind of cooperation with neighbouring countries. It is also important to share experiences gained from EU cooperation. Common strategies in this field may be more favourable than competing with each other in order to achieve certain advantages over neighbours.

3. The Visegrad cooperation and other similar initiatives have proved that the integration into a larger entity makes the regional approach easier. Integration of countries from the same region into a larger entity means their adjustment to common rules. If they are forced to follow the same regulations and rules, it is easier to speak the 'same language'. It also means that the "homework" of each country has to be done. This may include modernisation of economic policies as well. (Indirect harmonisation)

4. In the Visegrad countries the regional cooperation was defensive in nature. The countries focused mostly on European integration, and the importance of the region was only secondary. But the integration itself indirectly contributed to the homogenisation of the region. It may be useful if countries from the same region can elaborate a common plan, a vision for their region. This vision can include economic issues as well, such as e.g. free trade, or joint efforts to attract foreign direct investments, or regional infrastructure projects.

5. Sustainable growth is a solution to almost every problem and there the issues of economic policy become paramount. Here regional cooperation may play a role, especially when its contribution to economic growth and development may happen to be indirect via its influence on regional stability and opportunities. Indeed, the developments so far have tentatively confirmed this observation, as it is normalization and liberalization that have more important consequences for increased regional cooperation rather than growth of trade, investments, or production. The solution of problematic political and economic issues within the given region in the long run definitely has a better outcome than simply following a short term conflict strategy. Instead of competition, the atmosphere of cooperation should be strengthened.

6. Regional business connections and activities are increasing, especially in places where there are few if any political and constitutional problems. Thus, it

could be argued that liberalization of trade and investments and economic policy cooperation make a greater contribution to stabilization and normalization in the region while their importance may increase with the economic growth of the region and in the particular countries in the region.

7. In the strengthening of relations in order to make recommendations, five different levels are important to take into account in future analysis.

- The first is the interplay of cross-border regions, and the possibilities to develop these geographically and economically unified regions. Support to joint transborder projects improves the relations between people living there and also contributes to economic development.
- The second is the enterprise level, including the activity of transnational corporations with affiliates in several countries of the region, and the other is the active work of small and medium-sized enterprises that, in the future, may become regional players and can be subcontractors for foreign firms. Developing a transborder cluster strategy with its agglomeration effects may be a useful tool for strengthening regional economic ties.
- The next level is that of high-level political relations. The drafting of common political and economic objectives and an institutional system for its support (supporting investments in the other countries, signing joint declarations and agreements, etc.) is a prerequisite for better economic relations.
- The fourth is the possibilities associated with European level projects, including infrastructure development and spatial development. It is certainly better to have a joint strategy for this, as it can help direct EU money in the region.
- And the fifth is at the individual level, including the development of tourism, cultural and educational exchange, and migration. The key is to increase the confidence in each other and in each others' country.

THE ROLE OF CROSS-BORDER COOPERATION IN REGIONAL COOPERATION

“The lichen comes into being by symbiosis. An alga and a fungus nourish each other. They provided each other with what they can give and they take from each other what they need. But what happens once they decide that they must fight a final battle against each other for the possession of the stone on which they have lived? Only the stone remains in its place, naked.”

Amos Oz

Introduction

Further development of cooperation with neighbouring countries is one of the key priorities for the European Union. In the present situation, when it is unrealistic to expect further expansion of the EU in this decade (except for Croatia), developing closer neighbourly relations in political, economic, and social areas is the best choice for promoting European integration. Cross-border cooperation (CBC), including its institutional forms such as Euroregions, is an integral part of this approach.

The experiences of Western Europe and the Visegrad countries have proven that cross-border cooperation plays a crucial role in promoting regional cooperation, which is one of the most important prerequisites for regional stability and European integration. Shared European values, common ambitions for prosperity, and common interests of participating regions and countries enable them to cooperate in a number of areas to solve regionally important problems, while the borders as such are considered to be a connecting element and not a divisive one.

Cross-border cooperation is therefore aimed at overcoming natural borders such as rivers or mountain ranges, and also political and administrative barriers as well as cultural and ethnic divides between neighbouring countries. In the long term, cross-border cooperation also contributes to dissolve prejudices, mental barriers, and to mitigate interstate disputes and inter-ethnic conflicts by overcoming historical animosities and prejudices between communities.

As border areas are located on the peripheries of given countries, cross-border cooperation also can play an important role to bridge the gap between the “centre” and “periphery” by promoting economic development in the bordering

regions, as well as the development of operational local/regional administrative structures in the fields of economic development, transport, infrastructure, environment, education, culture, and people-to-people connections, thus contributing to the improvement of the quality of life for the people living in peripheral bordering areas.

Countries taking part in several intergovernmental regional initiatives – including the Visegrad Group in Central Europe, GUAM in Eastern Europe, or the Regional Cooperation Council in South East Europe – are experiencing deepened cooperation thanks to the strengthening of ties across borders. Furthermore, cross-border cooperation primarily concerns border areas of certain states, and thus it has a considerable local impact involving regional stakeholders like businesses, municipalities, and civil-society organisations. Cooperation develops synergistically between regions that are directly linked to each other and belong to states utilising the same integration or regional structures. However, cross-border cooperation is additionally often developed between regions that are separated by state borders, a situation that presents a challenge to cross-border cooperation, requiring much more effort to be put forth by every side of such countries involved.

The European Union's expansion periods of 2004 and 2007 provided new motivation for improving cooperation among bordering areas, both between the newly added EU countries and their non-EU neighbour states in South East and Eastern Europe. Nonetheless, the broadening and deepening of cross-border cooperation was enabled by new conditions in the late 1980s and throughout the 1990s, including the creation of the European Single Market and the political changes in Central and Eastern European countries. The EU regional policy catalysed the establishment of cross-border cooperation – initially through the INTERREG Initiative and later by Phare CBC, as well as by TACIS CBC and MEDA – and encouraged the expansion of cross-border programmes to provide solutions for border problems interfering with European integration. Concurrently, long-term organisations providing cross-border cooperation frameworks were founded at practically every internal boundary of the EU, and also in all associated countries at the EU's external boundaries. The border regions started to initiate their policies at the onset of the 1970s with the assistance of the Association of European Border Regions (AEBR), which provided strong contact with the European Parliament, the Council of Europe, and the European Commission with a goal of promoting CBC throughout Europe and among national governments, while its primary objectives shifted toward the development of CBC at every Eu-

ropean border, the improvement of European integration, and the establishment of European aid programmes to assist border regions.¹

Overall, three basic types of micro-, medium-, and macro-level cooperation beyond borders can be identified:

1. Cross-border cooperation: direct cooperation among transfrontier neighbours in all aspects of life between communities including the participation of all actors, like local and regional authorities (districts, oblasts, counties, etc.) and their institutions, and also non-governmental organisations such as civil society organisations (Euroregions).
2. Inter-regional cooperation: primarily sectoral cooperation regarding specific topics such as economical or environmental issues, involving actors mainly from regional and local authorities.
3. Transnational cooperation: cooperation between countries addressing a particular topic related to interconnected large geographical areas.²

We would like to highlight one of the numerous endeavours to elaborate typologies for the assortment of Europe's cross-border regions, created by the Association of European Border Regions (AEBR), because this typology is pertinent to the subject of this study, specifically to compare the intensity and the level of integration, cohesion, and subsidiarity (democracy) existing in varied European (EU and non-EU) regions.

1 European Commission, Practical Guide to Cross-border Cooperation, http://www.aebr.net/publication/pdfs/lace_guide.en.pdf.

2 See also European Commission, Practical Guide to Cross-border Cooperation, http://www.aebr.net/publication/pdfs/lace_guide.en.pdf.

<i>Type 1: Integration Forerunners</i>	High degree of overall cross-border integration: – A high level of socio-cultural/economic cohesion – A high level of cross-border cooperation intensity
<i>Type 2: Areas catching up to integration forerunners</i>	Medium-high degree of overall cross-border integration: – High level for either socio-cultural/economic cohesion or cross-border cooperation intensity – Medium level for either socio-cultural/economic cohesion or cross-border cooperation intensity.
<i>Type 3: Integration candidates</i>	Medium degree of overall cross-border integration: – Medium level for either socio-cultural/economic cohesion. – Medium level for cross-border cooperation intensity.
<i>Type 4: Areas catching up to inte- gration candidates</i>	Medium-low degree of overall cross-border integration: – Medium level for either socio-cultural /economic cohesion or cross-border cooperation intensity – Low level for either socio-cultural/economic cohesion or cross-border cooperation intensity
<i>Type 5: Areas still searching for integration perspective</i>	Low degree of overall cross-border integration: – A low level of socio-cultural /economic cohesion. – A low level of cross-border cooperation intensity.

AEBR typology for border/cross-border areas in Europe:³

In summary, one can say that cross-border cooperation played the same role on a local and regional level as what the European integration process performed on a national and state level. The integration would be less successful if its aim and motivations were intended only from the “top” (from the centre), but it is equally important to create the framework and environment for “bottom-up” initiatives, which are rooted in local needs to complete the process. This was demonstrated in the past well over 50 years ago.

The European Union has a major value: the subsidiarity, which means decisions and actions at the closest level of competency to those affected. In the spirit of subsidiarity, the subnational territorial organisations should be regions, counties and other types of administrative locations or municipalities that have the freedom and competency to participate in international cooperation. The cross-border cooperation system is for the lower-level administrative units, the most obvious form and level of international cooperation within they can define their own interest and set up their goals while strengthening socio-economic cohesion of given regions concerned.

³ In: Cooperation between European Border Regions. Review and Perspectives Association of European Border Regions (Ed.), Nomos, 2008

Regions and regionalisation in Europe

The effects of the wider efforts towards European integration that occurred on the national and state level are similar to the impacts of cross-border cooperation on a local and regional level. Integration would not have been as effective if it had been instituted only with a top-down approach, from the centre outwards – the last half-century of Europe’s history definitely supports this assertion. The concept of subsidiarity is a key tenet of the European Union: decisions and actions are taken at the level of competency nearest to those that they will impact. With this perspective, stakeholders including regions, counties, and other administrative agencies or municipalities serve as sub-national territorial units empowered to participate freely in international cooperation. In this interest, a system of cross-border cooperation exists for lower-level administrative units. By defining their own interests and establishing their own goals, the stakeholders determine their future in the form and framework of international cooperation.

Western Europe

Internal or external factors did not diminish the development of civil societies in Western and Northern Europe, where frameworks for cross-border cooperation were established in institutional structures as early as the 1950s and 1960s. However, in Central and Eastern Europe and the Western Balkans, these frameworks came into being only in the early 1990s. Cross-border cooperation in Europe’s western and northern countries was inspired by the recognition of a need to find shared solutions for common or interrelated problems. Because of the peaceful coexistence between these states, national borders were not primarily about defence among enemies (countries and peoples) from each other. Instead, as common crises arose on any side of a border, it was identified that these problems would best be tackled through cooperation and collective action across boundaries.

In addition, citizens of free democratic societies with common values possess many opportunities; this situation is evident regarding neighbouring areas where institutions are separated only by arbitrary borders. Local communities, institutions, businesses, or civil-society organisations are linked by shared interests and goals that concern a wider area. Cross-border cooperation can definitely be applied within the institutional framework of a Euroregion, but other forms of cooperation also exist. For instance, cross-border groups with a goal of achieving

similar cross-border cooperation are the preferred structures in the Italian and Iberian peninsulas.

In some circumstances, the establishment of Western Europe's cross-border cooperation frameworks and institutions was largely influenced by ethnically motivated processes, and was seen as a sensible type of cooperation for addressing shared problems. While most borders of Western and Northern Europe are long established in history, several cases exist where the land of a nation was displaced from the country's present-day political borders (including Belgium, Finland, Germany, the Netherlands, South Tyrol, and Sweden). Regionalism presents a method of addressing these situations, being the most recognised manifestation of territorial or cultural autonomy in a European context. Therefore, cross-border cooperation can be perceived as a subsystem of European regional processes. With a common system of shared goals on a regional level, these areas are characterised by an internal cohesion. However, their established borders often cross at least one state boundary.

Eastern Europe

The era of communist regimes in Central and Eastern Europe suppressed the establishment of regionalism as part of a policy with a goal of keeping states divided and isolated. Membership in the Council for Mutual Economic Assistance (COMECON) and the Warsaw Pact under the Soviet Union's oversight could be construed as a type of "regionalism" and regional "cooperation", but obviously it was an extremely different form of regionalism compared to Western Europe, instead establishing a system of virtual colonisation under the principles of "proletarian internationalism". Regionalism in CEE – and, to a certain extent, in the Western Balkans – was not optional, and the system was devoid of any natural cohesion. Grounded in a Soviet-styled Marxist philosophy, the affiliated countries were bound together by external political, economic, military, and geopolitical forces applied by oppressive totalitarian regimes. In this regard there are at least two varying processes to examine, yet they are identical in some respects. The countries of the first category were those of the Eastern Bloc, which did not belong to the Soviet Union. On the other hand, countries of the second category were member states of the Union of the Soviet Socialist Republics (USSR), such as the Baltic States, Belarus, Ukraine, and the Caucasus nations. The first category was exposed to a much lower level of integration in comparison to the USSR group. However, the external forces at play disappeared with the system changes

in Eastern Europe and the breakup of the Soviet Union, and the freshly liberated countries began to develop autonomously from each other.

The Western Balkans (formerly Yugoslavia) is a different case of regionalism, as the area has more common cohesive elements such as culture, language, and similar historical experiences. At the same time, the region is ethnically and religiously very diverse, and the Yugoslav system offered a kind of autonomy for nations in the frame of federation, and opportunity for economic development given a relatively big single market.

The process of disassociation was considerably noticeable in the case of CEE countries; for instance, an aversion to direct cooperation between them is still considered a major hindrance. The EU currently offers a framework for cooperation, while an endeavour to strengthen regional cooperation under the auspices of the Visegrad Cooperation (encompassing the Czech Republic, Hungary, Poland, and Slovakia) is encouraging these efforts. Regarding freshly liberated countries that previously belonged to the Soviet Union (with the exception of the Baltic States), the disintegration process was less rapid. Most of these countries later embarked upon a new path of integration, at least regarding their economic structures. These were the countries that established the Commonwealth of Independent States (CIS). The disintegration of Yugoslavia was a bloody process, and the way of “re-integration” of the region, even if it has its own model for regionalism, is a difficult process that should be based on mutually beneficial cooperation between the small nation-states belonging to the region, regarding issues of the economy, environment, and more.

The populations of these areas still foster a kind of “regional” mentality and, to some extent, identity, irrespective of the unnatural and hostile character of previous processes of integration and regionalisation. The people feel that they belong to their region by shared history and shared experiences (both negative and positive).

In the past, some countries of CEE forged hostile relationships with each other despite the standardised political regimes imposed by the Soviet Union throughout the Eastern Bloc, and the imposed ideology that the region’s countries were supposed to be united as one entity. Grassroots territorial initiatives could not succeed in this environment because the centralised governance strove to control every aspect of society. As opposed to many borders of Western Europe, most CEE borders were not established as manifestations of historical events or the geographic layout. The borders of CEE are relatively new, drawn up as contrived dividing lines following the 20th century’s military conflicts that often divided formerly cohesive and integrated geographic territories. Furthermore, administrative hindrances are common, and in many cases people of the same ethnic

background comprise most of the population on both sides of a boundary, yet they cannot create cooperation frameworks between their communities in a wide range of issues, be they cultural, economic, interpersonal, or of other concerns.

Central Europe now belongs to the European Union, which has accelerated the process of minimising the divisiveness of borders (which may perhaps eventually disappear) over the past 20 years. The Carpathian Euroregion was created in Central Europe in the early 1990s as the first Euroregion, with financial and technical support provided primarily by organisations from Western Europe and the United States. These endeavours were designed for the dissolution of the inflexible framework of nation-states, anchoring cross-border cooperation in the spirit of democracy and harmony. In these first cases the process of a conscious “spread of democracy” became evident. Yet over time, it was increasingly apparent that Euroregions formed solely because of external influences could never be truly successful. For these regions to succeed with this approach, Euroregions had to be founded on principles of subsidiarity, and had to be organised by shared goals, interests, and mutual benefits. Nonetheless, it should be noted that these first initiatives provided a useful model, and established a previously unknown framework of cross-border cooperation.

A delay in adopting new institutions is evident in the Western Balkans and in Eastern Europe, primarily in the states of the former Soviet Union. Most of this region’s newly created countries had no relevant history of sovereignty, and their ability to transform into democracies was also held in doubt. It was often unknown whether progress would last in many of these countries, adding to the causes for why the EU does not apparently consider admitting these countries as a priority. The nature of borders is increasingly becoming more divisive among these countries, as observed in the centralised governance, extensive bureaucracy, lacking infrastructure, ineffective civil-society organisations, and mutual wariness hindering regional and cross-border cooperation. For these countries, a true opportunity to gradually dissolve or permeate fixed boundaries is provided by raising awareness of possibilities for cooperation in the framework of Euroregions or other types of cross-border initiatives. The negative perspectives of residents from these regions can eventually be transformed through these efforts.

European Cross-border cooperation

Historic background

Europe's present-day boundaries were formed over centuries of creation and consolidation of nation-states, a process that was mostly concluded by the late 1800s. Throughout most of history, frontier areas separating countries or kingdoms did not delineate defined cartographic or geographic territories as determined by international history or recognition, but instead represented a loose framework reflecting the development of the state to that point. A special status was usually conferred to these areas within the state (i.e. frontier, Grenzmark, kraina).

A major shift occurred in the 18th and 19th centuries when Europe's emerging national borders were formed rather differently compared to before, and represented a fundamentally different role. During this period, national borderlines provided the territorial framework for the ideological development of nation-states, and these frontiers were often used to enforce protectionist economic policies. Consequent to the rise of modern nation-states, borders began serving a defensive purpose, and dividing and separating neighbours became the primary role of borders. Nation-states placed a high value on their own identities, and elevated the function of boundaries to divide the populations, institutions, and economy of their country from adjacent competitors, or from enemy nations. Boundaries became fortified obstacles between neighbouring regions, purposefully meant to hinder interaction; the establishment of dividing lines between states intentionally resulted in greater difficulty in the transportation of people and goods. This period of history also ushered in the introduction of passports, connected to the emergence of nation-state borders – passports functioned as administrative instruments for allowing passage across borders while increasing control over them, protecting the country.

At the expense of wars, especially WWI and WWII, Europeans have learned that there are no other acceptable alternatives to solve interstate conflicts and border disputes than cooperation between nations and countries, which must be based on mutual benefit and partnership. The shock after WWII led Europe to reconsider its existence as a common cultural, economic and political space. In this context, the various forms of cross-border cooperation beginning in the late 1950s greatly contributed to deepening the process of European integration in Western Europe, as it brought Europe closer to its citizens. (Nonetheless, this era also witnessed a reversion to the old mindset regarding the mid-century events

of geopolitical forces forming a new dividing line between West and East Europe, symbolised by the Berlin Wall.)

Boundaries in present-day Europe are no longer representing significant obstacles to interaction between regions and the free movement of people and commerce, thanks in large part to the EU. The significance of European borders will continually decline with the Schengen area's expansion to increasingly more countries. However, the outer boundaries of the EU still maintain their purpose of dividing and protecting EU countries from the risks of unauthorised international migration and trade; even within the EU, internal borders have effectively vanished only within the Schengen area.

The history of cross-border cooperation

Euroregional synergy first began in Western Europe in the late 1950s and early 1960s, when earlier animosity between Western European countries began diminishing. After WWII, much effort went into promoting cooperation, with an initial breakthrough occurring in 1958 with the signing of the "Euregio" headquarters agreement in Gronau, Holland, adopted by the Dutch and German governments regarding the shared areas of the rivers Rhine, Ems and Ijssel. Another major breakthrough happened in Basel in 1963, with the establishment of the "Region Basiliensis" covering the Upper Rhine region of France, Germany and Switzerland.

Since the establishment of these cooperation milestones, many other institutionalised cross-border initiatives were created in Western, Southern, and Northern Europe. Including Central and Eastern Europe, the Balkans, and to some extent Eastern Europe, well over 100 diverse forms of Euroregional cooperation are established throughout Europe today.

Rationale and conditions for the establishment of cross-border institutions

It is a fact that certain endeavours cannot be supported efficiently within the constraints of national boundaries, and this is the primary recognition leading to the establishment of institutionalised frameworks for cross-border cooperation. The inherently divisive nature of borders often runs counter to the natural organisa-

tional logic of the territorial circumstances for functions such as health and human services or transport infrastructure. Border regions experience this problem with the greatest impact, because some functions must be established on both sides of the border – even for communities that are within close proximity to each other – in order to provide for populations within the geographical peripheries of both countries. Essential public services and institutions are organised and maintained more effectively if the territorial scope of their operations expands to the border areas of neighbouring countries, particularly regarding healthcare facilities, ambulance stations, fire departments, civil protection, sewage treatment, and disaster relief services.

In most cases, populations on both sides of border regions actually share more connections than divisions – be they familial, cultural, or ethnic – which is an additional factor supporting the establishment of institutional frameworks for cross-border cooperation. Encouraging communities on two sides of a shared border to understand that they have a great deal in common helps diminish mutual tensions, especially if those issues are caused by an absence of positive relations. Wariness between populations on opposite sides of a boundary, stemming from these communities having limited contact with each other, has negative consequences for politics and diplomatic relations for both countries. However, when border communities establish fair and extensive cross-border interaction, a decidedly positive effect ordinarily follows that can improve diplomacy among the countries involved, by negating the divisive function of modern boundaries between states.

Regions primarily compete with other regions in the global marketplace, and not always between entire countries, creating yet another factor supporting the enhancement of institutionalised cross-border cooperation and integration. No region can be competitive if it lacks effective infrastructure, keeping parts of the region in circumstances of economic isolation. This predicament can be avoided if opportunities for economic cooperation in all geographic directions are equally available in the boundary regions of a country as they are in areas more proximal to the country's economical and/or political centre. Cross-border regional marketing has continually gained significance as a crucial aspect of competitiveness. If adjacent regions and border areas are intentionally isolated from their neighbours, the consequences are mutually detrimental. To improve the entire region's competitiveness and mitigate the potentially detrimental impacts of being situated in peripheral locations, it is in the common interest of border regions to increase mutual cooperation.

Do borders change function over time?

National boundaries have a distinct administrative character separating previously functional areas and establishing contrived border territories, found primarily in the central regions of Europe but also to a lesser extent in Europe's eastern parts. Such borders obstruct and often actively prevent cultural, political, economical, institutional, and human interactions that may have had historically strong connections. An additional detrimental factor impacts the border areas of Central, East, and South East Europe – central governments here did not consider the development of these regions as important because the boundaries changed so frequently and violently. The result of this is that these areas are characterised by economic deficiencies, low public investment, the outward migration of young professionals, a disproportionately aging population, high unemployment rates, and segregation, all leading to the marginalisation of boundary areas with culminating social and economic tensions that imprint the negative impression of the “periphery”, which stigmatises people that reside in these regions.

The introduction of institutionalised cross-border cooperation in Western Europe obviously advanced with the developments of Europe's integration efforts in the 1950s, later establishing the EU's predecessor. Furthermore, the development of cross-border partnerships provided a solution for widespread demand for cooperation: since Western Europe's borders often coincided with functional boundaries established by history and geography, these frontier areas experienced less stress, and following varied integration processes these problems are today virtually nonexistent.

A crucial precondition for cooperation among administrative units affiliated with different nation-states is the establishment of appropriate legal frameworks. Principles of subsidiarity and decentralisation have ordinarily been preeminent in administrative law throughout Western Europe since the 1950s. Commencing cooperation processes depended only on the identification of intentions and requirements. In 1980 this process was sped up when, under the aegis of the Council of Europe, “the European framework agreement about regional authorities and administrative organisation on border cooperation”⁴ was enacted in Madrid.

4 European Outline Convention on Transfrontier Cooperation between Territorial Communities or Authorities (Madrid, 21.V.1980). European Treaty Series (ETS), No. 106. [ON-LINE]. [Strasbourg]: Council of Europe, Treaty Office, [15.10.2003]. Available on <http://conventions.coe.int/treaty/en/Treaties/Word/106.doc>.

Legal framework

Transfrontier cooperation refers to intentional action meant to foster and strengthen neighbourly interactions between territorial authorities or communities, in accordance with Article 2 of the European Outline Convention on Transfrontier Cooperation between Territorial Communities or Authorities (1980). Such communities or authorities can be institutions or organisations performing regional and local operations. An appropriate and formalised agreement supported by all parties is necessary in order to provide the required framework for cross-border cooperation. Transfrontier cooperation can encompass a wide scope of activities within the competencies of territorial authorities or communities, as established by their domestic laws.

The establishment and operation of a Euroregion represents a particular type of transfrontier cooperation structure pertaining to two or more bordering areas located in different European countries. Euroregions can fulfil useful purposes as a framework for joint coordination, consultation, and development cooperation.

A Euroregion may provide the added value of a cross-border partnership at a sub-national level within a legally defined framework pertaining to internal and external functions. Euroregions provide a structure for coordination and consultation among participants. One especially useful benefit of Euroregions is their capacity to request, receive, and distribute funding on behalf of and in the interest of all participants. The utility of this role of Euroregions is demonstrated by the joint drafting, coordinated implementation, and oversight of cross-border programmes and projects by partner entities.

Euroregions vary drastically in form and function all over Europe. No particular legal framework has been used universally to establish Euroregions. Myriad solutions have been utilised to establish organisational manifestations of cross-border cooperation. Some possible solutions from modern European history include transfrontier organisations with a permanent secretariat and administrative and technical teams with independent resources and a legal personality, associations of local or regional authorities on both sides of national borders with a collective administrative structure but without a legal personality, and communities of interest without a legal personality. Two primary legal forms exist – firstly, a “contractual” legal endeavour (cooperation agreement) establishing long-term transfrontier cooperation efforts and to begin commencement of coordination that would become possible through arrangements or frameworks without an organisational form to create a legally independent structure (an entity with legal personality). The other legal form is an “institutional” endeavour establishing an organisational structure for transfrontier cooperation conceived particularly for

that purpose and endowed with its own legal personality, enabling it to act independently from its constituent members.

Whether the particular legal arrangement chosen will prove to be adequate and feasible depends on three factors:

1. the suitability of the purpose, role and modus operandi of the organisation for the proposed transfrontier projects;
2. the implications of the project partners' involvement in the chosen organisational form in terms of the length of time needed for its establishment and launch of operation, including all administrative and financial operating procedures;
3. the applicable law that determines the conditions of its operation (funding, accounting, and reports on activities).

Regardless of significant variables in the European practice, common requirements can be identified that apply to the establishment of all cooperative structures and interactions between border communities and authorities in various countries spanning Europe. The most imperative common features are identified thusly:

- Local authorities and communities are provided with the means to exercise existing powers through transfrontier cooperation, without being granted any new powers on either side of a national border.
- Local authorities and communities participate in cooperation only within their respective competence areas.
- Transfrontier cooperation assumes the form of projects promoting shared local interests with joint or coordinated activities promising tangible benefits.
- The scope of transfrontier cooperation excludes regulatory and enforcement powers. However, local authorities and communities may agree to coordinate their plans and policies in these areas in accord with domestic laws applicable to each partner country taking part in the cooperation.
- Authorities and communities participate in cooperation in deference to multilateral and bilateral international accords that regulate transfrontier relations and varied related issues like mobility and border-crossing facilities.
- Local authorities may enact transfrontier agreements to formalise their cooperation, or may set up other relevant cooperation structures (with or without a separate legal personality).
- Regarding formalised and structured transfrontier cooperation endeavours, the national law of one partner's local communities or authorities shall be applied to the establishment and registration of the mutually agreeable institutional form.

The characteristics of a given legal entity are determined by the level achieved in the transfrontier cooperation process, and also on the goals of participants on both sides of the border. The European Parliament and the Council formed the European Grouping of Territorial Cooperation (EGTC) in 2006 as a new instrument to facilitate cross-border, trans-national, and inter-regional cooperation. The objective of the EGTC was to empower local and regional authorities from varied EU-member states to cooperate more effectively with new possibilities, such as allowing them to apply for and manage European funding. A prerequisite for establishing EGTC is the involvement of partners from a minimum of two EU-member states, but an EGTC can also encompass its member partner's non-EU member states. An early example of an EGTC in the EU was established between Hungary and Slovakia in the Ister-Granum region. By simplifying the management of cross-border cooperation projects among countries with varying laws and legal systems, an EGTC indisputably delivers added value.⁵

Cross-border cooperation in the EU context

Europe's expansion of recent decades ushered in the transformation of cross-border cooperation from defensive zones into places of reconciliation between communities and people. A country's preparation for integrating into European structures depends on regional cooperation. The European Commission's Third Report on Cohesion⁶ identifies cross-border cooperation as a major EU priority, aiming to support integration while mitigating social and economic fragmentation.

A dual transformation took place amid the process of the EU's enlargement and cohesion – cross-border functions dissociated while the newly established EU area became one huge cross-border region. Consequently, Europe is viewed as a regional microcosm of the inevitable processes of globalisation, bringing about exchanges that establish the economic interactions that can foster peaceful relationships.

Euroregions are among the most common instruments for the development of Europe's border regions, and for supporting cross-border cooperation. Eurore-

5 http://ec.europa.eu/regional_policy/funds/gect/index_en.htm

6 *Third Progress Report on Economic and Social Cohesion* /* COM/2004/0107 final */ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2004:0107:FIN:EN:HTML>

gions should serve as hubs for the economic, cultural, and social development of the regions and communities concerned with cohesion within the activities of relevant authorities.⁷ Current Euroregions have no defined statute in the context of the EU, because they are the endeavours of particular border areas or other regional entities of countries.

Euroregions are established according to any of the following legal structures: a public entity, a nongovernmental organisation, or a community group without a legal entity. Euroregions do not establish new types of governance at a cross-border level. The tasks, competencies, and powers of each Euroregion are determined by those regional and local authorities included in the Euroregion. A Euroregion could be defined as a cross-border framework established between entities of regional or local government, established to promote shared interests.

The development of cross-border cooperation is regarded as among the major priorities for both the EU and the Council of Europe. Cross-border cooperation is important for the EU as an instrument to ensure equalised development and integration throughout Europe, and a goal of EU cross-border cooperation is to counter the isolation and segregation of border territories. The legal structure for EU actions within cross-border cooperation encompasses these three EU policies: the Cohesion Policy, the European Neighbourhood Policy, and the pre-accession policy for candidate countries.

The European Neighbourhood and Partnership Instrument (ENPI) was established in 2007 with a particular cross-border cooperation component that finances “joint programs” to connect the regions of member states and partner countries with shared borders. Countries eligible for the ENPI are these: Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, Palestinian Authority, Syria, Tunisia, and Ukraine. Thus, the ENPI and the Eastern Partnership comprise potential programmes that could encourage cross-border endeavours in Eastern Europe.

The ENPI is implemented through three forms of programmes:

1. Domestic or international programmes based on national action plans and approved by the EC concerning a set of national priorities to draw countries closer to the EU.
2. Thematic programmes addressing one or multiple challenges common to several partner countries and pertaining to one or more member states (i.e. TEMPUS, LIFE).

⁷ Council of Europe. Committee of Advice for the Development of Transfrontier Cooperation in Central and Eastern Europe Initiative Concerning Trans-European Consideration Intended to Encourage Harmonious and Balanced Development of European territory (2004/C 226/02)

3. Cross-border cooperation programmes between proximal areas in one or multiple member states and one or multiple partner countries at the EU's external border.

Cross-border cooperation for the V4 Countries beyond the Visegrad Cooperation

Some of Europe's newest borderlines are found among the boundaries of Central Europe. Many of these borders were determined after WWI and WWII, but more recent changes were established by the dissociation of Czechoslovakia, and also the disintegration of the Soviet Union and Yugoslavia between 1990 and 1992. Powerful historic and ethnic tensions were often evident along these new dividing lines. Only after a transition period did institutionalised cross-border relations emerge in these regions, and the wary environment was difficult to change as rigid and fortified boundaries imparted strong feelings of separation. Cooperation across interstate borders was clearly not within the experience of the administrative bodies adjacent to the new boundaries.

V4 position on cross-border cooperation

Cross-border cooperation is regarded with special importance in the V4 countries, all of which have participated in the development of varied types of Euroregions on the boundary areas with their Visegrad partners, EU members, and in the border regions with applicant countries (the Western Balkan countries) and other neighbouring countries (Ukraine, Belarus).

Cross-border cooperation is referred to in important documents regarding cooperation with the Visegrad Group, which considers this as a crucial aspect of the cooperation. For example, in 1991 the first enacted V4 declaration states that its signatories shall jointly undertake steps that would encourage the creation of free contact between citizens, institutions, churches, and social organisations; foster economic cooperation; focus on developing the infrastructure of communications; enhance cooperation in ecology; create favourable conditions for the unrestrained flow of information, press, and cultural values; and to encourage mutually beneficial cooperation among local government entities while establish-

ing sub-regional contacts⁸ – all of these are vital elements for cross-border cooperation.

The so-called Kroměříž Declaration – the second Visegrad declaration – was adopted following the EU accession of the V4 countries. Attached to the Declaration, the Guidelines on the Future Areas of Visegrad Cooperation identify cross-border cooperation among the most crucial areas to be developed in the post-accession period.⁹

Cross-border cooperation is expected to remain as a vital field of cooperation among the V4 countries – despite the diminishing significance of borders after these countries' accession to the EU and their subsequently joining the Schengen area – as well as for the countries in the EU neighbourhood.

The International Visegrad Fund has supported projects focusing on cross-border cooperation, which remain as the only V4 institutions, while the IVF grant scheme stipulates the participation of at least three V4 countries, although in case of CBC projects this condition does not apply.

Examples of cross-border cooperation

Establishing cross-border cooperation along the EU's outer boundaries is a top priority for the EU. Euroregions are also regarded as a crucial instrument for improving cooperation between the EU and its neighbouring countries. Enveloping the regions of four EU-member countries and Ukraine, the Carpathian Euroregion is a good example of this instrument, and the EU has also adopted a particular measure aiming to encourage cooperation with its Eastern neighbours and Russia. The EU launched the European Neighbourhood and Partnership Instrument (ENPI) with the goal of enhancing the range for cross-border cooperation

8 Declaration on Cooperation between the Czech and Slovak Federal Republic, the Republic of Poland and the Republic of Hungary in Striving for European Integration, <http://www.visegradgroup.eu/main.php?folderID=940&articleID=3940&ctag=articlelist&iid=1>.

9 Declaration of Prime Ministers of the Czech Republic, the Republic of Hungary, the Republic of Poland and the Slovak Republic on cooperation of the Visegrad Group countries after their accession to the European Union (12 May 2004), <http://www.visegradgroup.eu/main.php?folderID=940&articleID=3939&ctag=articlelist&iid=1> <http://www.visegradgroup.eu/main.php?folderID=941&articleID=3936&ctag=articlelist&iid=1>.

More on ENPI in ENPI CBC Strategy Paper 2007/2013, to be found at http://www.huskroua-cbc.net/uploads/editors/enpi_cross-border_cooperation_strategy_paper_en.pdf.

with neighbouring regions and countries, utilising previous experience with the TACIS and MEDA programmes.¹⁰

The ENPI Hungary/Romania/Slovakia/Ukraine cross-border programme is perceived as an excellent example of this manner of cooperation. The programme became active on 23 September 2008, after being approved by the European Commission. With implementation occurring during the period of 2007-2013 along the external border of participating EU-member states with Ukraine, the programme allots € 68.638.283 of ENPI funding over seven years, and offers diverse opportunities to potential beneficiaries through four priorities: economic and social development, enhancement of the environment, increasing border efficiency, and supporting people-to-people cooperation.

With an overriding objective to enhance and strengthen cooperation in a socially, environmentally, and economically sustainable manner, the programme deepens ties between Ukraine's Zakarpatska, Ivano-Frankivska, and Chernivetska regions and eligibly adjacent regions of Hungary, Romania, and Slovakia.

The programme presents wide-ranging possibilities to potential beneficiaries with its specific measures and priorities. The objective of each priority is established as follows:

Priority 1: Promote economic and social development

Practise sharing and knowledge transfer to encourage joint developments of enterprises and enhance attractiveness of the area for tourism

Measure 1.1 Harmonised tourism development

Measure 1.2 Creation of improved conditions for SMEs and business development

Priority 2: Improve the quality of the environment

To mitigate risks of damages to the environment and enhance the quality of air, water, soil, and woodlands resources

Measure 2.1 Sustainable management and use of natural resources and protection of the environment

Measure 2.2 Crisis preparedness

Priority 3: Increase efficiency of borders

To improve efficiency of border management along Ukraine's boundaries

¹⁰ More on ENPI in ENPI CBC Strategy Paper 2007/2013, to be found at http://www.huskroua-cbc.net/uploads/editors/enpi_cross-border_cooperation_strategy_paper_en.pdf.

Measure 3.1 Improving border-crossing transportation infrastructure and equipment at border checkpoints

Priority 4: Encourage people-to-people cooperation

To enhance effectiveness of public services and expand mutual understanding of varied societal groups

Measure 4.1 Institutional cooperation

Measure 4.2 Small-scale people-to-people cooperation

Applicants must collaborate in partnerships encompassing at least one partner from Ukraine and at least one partner from an EU-member state participating in the programme.

The programme area encompasses the regions within the Hungarian-Slovak-Romanian-Ukrainian borders and includes a joint boundary with Ukraine that stretches for almost 600 kilometres, fully covering borderlines between Slovakia and Ukraine (97.9 km) and Hungary and Ukraine (134.6 km), and part of the border between Romania and Ukraine (366.4 km).

Euroregions

Europe's earliest Euroregions (i.e. Carpathian Euroregion and the DKMT Euroregion) were formed with foreign initiatives, aid, and technical assistance from the U.S. and Western Europe. These endeavours had an overriding goal of fostering knowledge and experience transfer across boundaries, but eventually the majority of them were not feasible over the long term. Subsequent cross-border cooperation programmes were motivated by opportunities presented through assistance with EU pre-accession funding. Participating administrative agencies recognised that these programmes were useful as institutional frameworks to ease acquisition of further external funding, and the number of Euroregional cooperation projects grew.

Beside the European Union, since the early 1990s U.S.-based organisations such as the EastWest Institute, the Charles Stewart Mott Foundation, the Rockefeller Brothers Fund, the German Marshall Foundation, the Ford Foundation, and others played an important, sometimes pioneering, role promoting regional and cross-border cooperation in Central and Eastern Europe as well as in South East Europe. These organisations (think tanks and private foundations) brought a specific dimension to CBC which is the eminent role of civil society, local com-

munities, and philanthropy in cross-border and interethnic cooperation, and introduced new institutional models such as grant-making organisations and community foundations at local, cross-border, and regional levels.

With the help of US-based organisations, several important inter-regional and cross-border intermediary organisations were created (Carpathian Euroregion, Carpathian Foundation, Central European Environmental Partnership, etc.), which made a strong impact on community-based regional and cross-border cooperation.

Case: the Carpathian Euroregion and the Carpathian Foundation

Regional and local leaders from the neighbouring countries of Hungary, Poland, Romania, Slovakia, and Ukraine met in May of 1992 to discuss methods to encourage and improve cross-border cooperation in the Carpathian Mountains and the Tisza Valley. Called the Carpathian Euroregion, this endeavour was the first effort to create a Euroregion as an institutionalised manner of cross-border cooperation. It was also the inaugural grouping of this kind in Central and Eastern Europe when the Ministers of Foreign Affairs, local and regional leaders, and Catherine Lalumiere – the Secretary General of the Council of Europe – officially enacted the Carpathian Euroregion in 1993.

The Carpathian Euroregion is in the geographic centre of Europe, a mountainous region enveloping the Tisza River basin and the Carpathian Mountain range. The area is characterised by economic under-development because of its peripheral location and complex history of interstate and inter-ethnic interactions¹¹. While the region is diverse in terms of ethnicity, language, and religion, communities there have as many similarities as differences. A sense of community and an open attitude to cooperating with one another was created through the common geography and history, similarities in economic development, and shared desires for economic prosperity and integration.

The Carpathian Euroregion is home to 16 million people, the most vulnerable of them living in small towns and tiny villages. The total surface area of the Euroregion is 161,135 km². These rural communities are isolated and their infrastructure is poor. Many of these communities are inhabited by minority ethnic

11 From the 18th century to the end of WWI, most of the Euroregion belonged to the Habsburg (later Austro-Hungarian) Empire. The trans-Carpathian region of Ukraine, the geographical core of the Euroregion, is a good indicator for the complicated history of the area thereafter. In the course of the 20th century, the region was governed by six different states. Frequent changes in borders left large minority groups separated from family, traditional markets, and urban centres. While official statistics suggest that every tenth resident of the Euroregion belongs to an ethnic minority, independent estimates suggest the real figure is closer to 17%.

groups that were cut off from their extended families and traditional places of employment by the frequent changes of international borders in the past century. Misguided spatial policies and forced industrial development during the command-economy era depopulated the region, leaving many socially disadvantaged groups, including the poor and elderly, and the largest concentration of Roma people in Europe. Of the five national parts of the Euroregion, Slovakia is the smallest in terms of both size and population (9.7% and 9.8% respectively), yet is represented by the largest share of sovereign territory and people (32% and 28.7%). In contrast, the Ukrainian national section, a relatively small part of the much larger Ukrainian state, represents 35% of the total territory and 39.8% of the total population of the Euroregion.

Ukrainians are also the largest ethnic group in the Euroregion, accounting for 40% of the total population. According to official data, Poles are the next largest ethnic group (18%), followed by Hungarians (15%), Romanians (15%), Slovaks (8%), and Roma (7%)¹². The religious makeup of the population in the Euroregion is similarly more complicated than is shown by official statistics.¹³

The region suffered from economic underdevelopment due to the dominance of agricultural activity, restrictive food-import laws in neighbouring countries, and political-geographic isolation. The mountainous and bordering areas are distant from the national capitals and economic centres, and mostly belong to the poorest regions of the member countries – indicating all typical symptoms of CEE's bordering regions. However, a common history, geographical proximity, similarities in economic development, and common aspirations for economic prosperity and integration create a sense of community and a willingness to cooperate.

12 It is important to remember that these figures are provided by national statistics offices and do not always objectively mirror reality on the ground. For example, unofficial estimates of the Roma population of the Euroregion are as high as 1 million, though official statistics indicate just 700,000. The question of the Ruthenian minority is also complicated. Ruthenians have the status of an official minority in Hungary, Poland, Romania, and Slovakia, and as such are also included in official statistics. In Ukraine, where the largest numbers of Ruthenians are thought to live, they are not included in official statistical data as other cultural minorities such as Huculs, Gorals, Mantas, etc.

13 According to national statistics offices, the religious structure of the Euroregion is: Orthodox – 33 %, Greek Catholic – 24 %, Roman Catholic – 24 %, Calvinist – 8 %, Protestant – 1 %, Jewish – 1 %, and other religions – 9 %. The recent history of the Greek Catholic Church, which was banned in all countries of the Euroregion except Hungary after World War II, makes it particularly hard to count. The Jewish community of the Euroregion, once large and vibrant, was decimated by the 1940s Holocaust, and only small but determined pockets remain.

The other ingredients which make up not only the Carpathian but other regions are the common natural components of the Carpathian Mountains and Tisza River watershed as a common ecosystem, the rich cultural and developmental heritage based on interaction of different ethnic groups and cultures as a common cultural space, and the peripheral location as a socioeconomic space. These peculiarities are manifested in a kind of common identity and mentality. As Iván Illés¹⁴ wrote “... one of the peculiarities and distinguishing marks of the Carpathian Euroregion is its history and the exceptional changeability of its political geography ... its history, demographics, ethnic and religious specialities more or less differ from the other regions of the participating countries. Nevertheless, their social structures are also different: the ratio of the rural population is higher while that of the urban population is lower. All regions may be regarded as peripheries within their own countries. On the basis of this, it would be surprising if their political thinking and electoral characteristics were not different from those of the other regions in the respective countries. And really, there are remarkable deviations everywhere in the electoral results and party preferences... One thing is common in them. The relation to the political principles and attitudes is always more unanimous, obvious and sometimes more extreme than anywhere else in the country. The population of the Carpathian Region always took a stronger stand either in the acceptance or rejection of communism, or in the acceptance or rejection of the national absoluteness than the other parts of the country. And it is this attitude and behaviour that connects them”.

The primary goals of the Carpathian Euroregion are to promote the creation of cross-border projects, mutual intention toward cooperation with national institutions and organisations, and improving the quality of life for people living in the area to maintain peace, promotion of good relations between people on both sides of the borders, and to decrease the isolating effect of the borders.

The Council is the interregional association's primary body, which decides on the most crucial issues of general, personnel, and membership relevance, on membership in transnational organisations, etc. The Council also establishes working commissions, adopts project proposals brought about by them, and ensures conditions for implementation. Council Members are delegated from every member country, and the CE's administrative agency is the International Secretariat, which fulfils the operative tasks, coordinates daily activities, organises council meetings, and provides additional administrative services. The council also maintains contact with the National Offices and national representatives, coordinates activities of working commissions, establishes and maintains con-

14 Illés, Iván 1996: Carpathian (Euro)Region, ECFR Occasional Papers, No.6. Tübingen, Europäische Zentrum für Föderalismus-Forschung

tact with international organisations, and participates in developing donations. The Council's activity is fostered by the National Offices in member states, with national representatives who also take part in organisational, language, and co-ordination activities. Working commissions created by the council oversee the implementation of plans adopted by the council – the Working Commissions dealing with Regional Development, Tourism, Environmental Protection, Trade, Mitigation of Natural Disasters, Social Infrastructure, and Audit and Control.

The Euroregion is an important factor in both professional and political regards concerning the financial aspects of member regions on national and European levels. It can significantly contribute to setting the elements of coordination among different funding sources (basically concerning the INTERREG, PHARE CBC, and TACIS programmes) by its expertise. The location of the CE makes some member states concentrate on EU-related issues and tasks to be thought over – at the same time by the need to maintain the presently operating relationship in forthcoming decades. In the Europe of regions, the Carpathian Euroregion can serve as a bridge that links the countries of the region as a frame to fulfil the requirements of the future in the heart of Central Eastern Europe.

One of the unique features of the Carpathian Euroregion that beside the Euroregion, which is the “governmental arm” of the region, there is another institution with the same objective, the Carpathian Foundation (CF), which is the “civil-society arm” of the region.

Established in 1995 as an endeavour of the EastWest Institute with fiscal backing by the Charles Stewart Mott Foundation, the CF is a unique cross-border regional and private (non-governmental) foundation – maybe the only one of its kind in Europe – that provides grants and technical assistance to NGOs and local governments, focusing primarily on inter-regional economic development and transfrontier activities. It encourages the development of public/private/NGO partnerships, including cross-border and inter-ethnic approaches to promote regional and community development and to help prevent conflicts. The foundation engages in both grant-making and programmatic activities, and since its creation it has granted a total of 15 million USD to more than 1,000 local organisations in five countries. Its grant-making activity covered a wide range of topics, such as Integrated Rural Community Economic Development, Carpathian Cultural Heritage, Interethnic Cooperation, Cross-border Cooperation, Carpathian Research, and Carpathian RomaNet programs and operational activities such as Carpathian Communal Expo and the Carpathian Fair, just to mention a few.

The foundation played a crucial role in strengthening regional cohesion at the grassroots/community level, contributed to enhance the region's absorption capacity via its grant programme, transferred know-how and innovations, and pro-

moted the region in a wider Europe. Today, the foundation works as a network of five independent local foundations following the same goal with different means.

Important lessons from the Visegrad Countries:

- In most cases the input for creating cross-border cooperation institutions originated from external entities. The collaborations formed by this cooperation were brought about not because of common interests and regional requirements, but instead focused on ideas and facilitate synergies.
- The earliest Euroregions encompassed areas too expansive to operate effectively (i.e. the Carpathian Euroregion)
- Early problems arose in some countries (like Slovakia and Romania) because local laws did not permit lower-level administrative agencies to take part in transnational cooperation endeavours.
- The only Euroregions that retained operational feasibility had a genuine vested interest in cooperation and encompass geographically well-delineated areas.
- The predominantly common areas for cooperation are developing joint strategies and institutional relationships, minor infrastructure development programmes, environmental stewardship and nature preservation, shared marketing approaches, and fostering cultural identities of regions.
- The allocation of fiscal support is crucial for common development strategising, implementation, and operations, and it is important to create special non-governmental and independent cross-border grant-making organisations like the Carpathian Foundation.
- Many cooperation endeavours never progress beyond the level of protocol, and are never established with meaningful content.
- In some cases, cross-border ethnic relations were relevant as a factor of cohesion in the facilitation of cooperation.
- Values and practises of democratic cooperation are spread through the imperative functions of Euroregions involving both EU members and non-member states.

Synergies in European Neighbourhoods

Cross-border cooperation remains as an important element of regional cooperation. The Visegrad countries belong to the most active supporters of CBC, while their location on the external borders of the EU also enables them to enhance cooperation with the neighbouring countries in Eastern and South East Europe. The examples of the Carpathian Euroregion and ENPI Hungary-Romania-Slovakia-

Ukraine shows that concrete steps have been taken in order to develop cooperation between some of the V4 countries on the one hand and Ukraine on the other hand. The joint involvement of Bosnia and Herzegovina, Croatia, and Hungary in the Danube-Drava-Sava Euroregion also shows that cross-border cooperation has huge potential to develop in the Western Balkans, too.

The development of CBC is not possible unless all participating countries/regions meet certain criteria. AEBR has adopted the following principles for successful CBC: partnership, subsidiarity, existence of common development concepts and programs, joint structures on regional/local levels, and independent sources of financing.¹⁵ One has to add that the existence of shared values, a common identity, and regional consciousness are the preconditions for successful and long-lasting cross-border cooperation.

It is difficult to determine which of the above-mentioned points plays the most important role in particular regions. The order in which these preconditions are listed might be different in the cases of the Visegrad Group, GUAM, or Western Balkan countries.

Also, a list of obstacles preventing countries from developing effective instruments of cross-border cooperation can be made. Again, their relevance for particular regions is debatable and depends on local conditions. Besides other factors, such a list would contain the following:

- different foreign policy orientation of participating countries – to what extent does it influence the cooperation of local authorities?
- different perceptions of the role of national minorities – should they be considered as a divisive element or a bridge connecting regions/countries?
- lack of stable sources of financing – how to secure continuous financing for CBC projects?
- existence of technical barriers – visa issues and/or overall quality of border infrastructure
- absence of political will on the side of national governments, or a lack of communication between the local/regional authorities and central governments
- lack of coordination between the stakeholders in the implementation of necessary legislation.

¹⁵ European Commission, Practical Guide to Cross-border Cooperation, http://www.aebr.net/publikationen/pdfs/lace_guide.en.pdf.

Cross-border cooperation in the EU's Eastern Neighbourhood

The national borders of Eastern Europe are regarded as “new frontiers” less frequently than other boundaries of Central Europe. As identified by Bufon, the borderlines established between states that formerly belonged to the Soviet Union represent an amalgam of both “old and new lines.”¹⁶

Obstacles

Throughout the Soviet era, the function of borders was very different from the role they transformed into after the bloc states became independent. The concept of regionalisation failed to gain popularity as an idea and as an instrument of alternative regional organisation in the area. According to Bufon, regions straddling local borders in these areas have few possibilities for establishing cross-border endeavours by their own volition, and thus the function of external support and assistance is equally important here as it has been in Central Europe. These are typical characteristics of Eastern European border regions:

- Firm borders with a blatant purpose of separation
- Borders prevent historical functional cooperation
- Political and perceived levels of wariness obstruct the development of relations
- Insufficient information about each other and no history of engaging in cooperation
- Centralised government with little regard for subsidiarity, leaving international cooperation among territorial administrative agencies unregulated in local statutes
- Very limited or nonexistent fiscal support for fostering cooperation among border communities, particularly at local levels.

¹⁶ Bufon, M.: *Le regioni nel transfrontaliere PROCESSO europea di unificazione*. In: Bonavero, P., Dansero *L'Europa delle regioni e delle reti*. Torino, Utet, 1998

Current state of cross-border cooperation

In most Eastern Neighbourhood countries – especially those belonging to GUAM – the CBC is regarded as a precondition of European integration processes and a facilitating cooperative instrument for realising shared goals, such as:

- encouraging economic development and higher living standards on both sides of boundaries;
- enhancing conditions for free commerce and free movement of services;
- facilitating regional integration into European networks of transportation and communication;
- enhancing bilateral relations between the neighbour states;
- mitigating difficulties arising from the emergence of new boundary lines between the enlarging EU and adjacent non-accession countries;
- strengthening minority rights on each side of borders;
- facilitating political processes aiming to resolve territorial conflicts.

Even though every GUAM country agrees on the effectiveness of CBC, its potential remained mostly underdeveloped until now. Meaningful CBC efforts were often impacted by numerous detrimental factors, such as weak political commitment; insufficient resource allocation; a lack of strategic planning; ineffective institutions and civil society because of incompetent governance; incomplete demarcation of boundaries; disrespect for laws; unresolved territorial conflicts; disputed property rights among partner countries; unfriendly political relations between certain countries; insufficient transport and communication infrastructure; and lingering interethnic tensions in boundary regions.

In the past and present, Azerbaijan, Georgia, Moldova, and Ukraine are participants in several regional organisations and endeavours encouraging CBC in the Eastern Neighbourhood area. These institutions and initiatives include the Community of Independent States (CIS), Black Sea Economic Cooperation (BSEC), GUAM, and the European Neighbourhood Policy (ENP). However, ENP is the only organisation that has established a well-structured and fiscally substantiated framework for encouraging CBC in the Eastern Neighbourhood.

CIS could not promote CBC in the Eastern Neighbourhood

Numerous economic, political, and structural deficiencies contributed to the failure of CIS to encourage CBC in the Eastern Neighbourhood. CIS could not realise an effective regional-cooperation mechanism sufficient to implement major objectives like the Free Trade Area and Common Economic Space because of centrifugal properties of member states and internal systematic weaknesses. CIS has never had a feasible strategy for CBC backed up by the required funding. Moldova even declined to participate in regional cooperation fostered through a CIS mul-

tilateral legal framework, and subsequent to Georgia's leaving CIS in 2009 the opportunities for promoting inclusive CBC endeavours in the Eastern Neighbourhood under the auspices of the CIS have decreased.

BSEC¹⁷ has paid secondary attention to CBC

BSEC is overwhelmingly preoccupied with planning and carrying out high-profile initiatives, agreements, and projects to advance the concept that it represents a distinct political and economic region. The most pertinent regional endeavours of the BSEC are:

- Building Black Sea's Beltway, an initiative established in 2008 that is still at the inception stage;
- A Memorandum of Understanding regarding facilitation of transportation and commercial activity around the Black Sea area, and facilitation of a visa system for professional businessmen and drivers;
- A Memorandum of Understanding regarding the development of Sea Transport Corridors, which became active in 2008;
- The "Black Sea Regional Strategy (2009-2013), aiming to encourage regional interaction between BSEC and the EU;
- Promoting Parliamentary Cooperation between BSEC and the EU.

The modest progress of GUAM in promoting CBC

With political and financial assistance from the U.S. government, GUAM-member countries achieved implementation of several CBC initiatives in the fields of border and customs enforcement over people and goods; money laundering; and preventing terrorism, cross-border organised crime, and smuggling of contraband. However, even with the U.S. fiscal support, the results of GUAM proved inconclusive regarding facilitation of commerce and transportation cooperation. The Japanese government initiated discussions to draft a project with GUAM in 2004 aiming to encourage tourism, especially to attract tourists from Japan. Tourism agencies from GUAM are elaborating and publishing a GUAM touristic guide in the framework of this project, but the implementation of it is at risk of being hindered by underdeveloped infrastructure and transportation, and obsolete hotelier infrastructures frequently found in GUAM countries. As an example, the feasibility of this project is already facing scepticism from some tourist agen-

17 BSEC (Black Sea Economic Cooperation) is an interesting overlap of EaP and Western Balkan, EU and non-EU countries as member BSEC countries are Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russian Federation, Serbia, Turkey and Ukraine. www.bsec-organization.org

cies in Moldova. No medium or long-term strategy was drafted by GUAM for CBC supported by a fund of contributions from member countries. In this situation, CBC cooperation relies completely on external donors like the U.S. government, European Commission, OSCE, and other bilateral entities.

Fiscal resources for promoting CBC

The strategic framework for EC support fostering cross-border cooperation along the EU's outer borders is established by the ENP CBC Strategy Paper 2007-2013 and Indicative Program 2007-2010, and the programming framework and indicative allocations are supplied by the European Neighbourhood and Partnership Instrument (ENPI). The primary policy objectives of CBC around the Union's external boundaries aim to boost economic and social development in regions on each side of shared borders; to tackle common challenges in issues ranging from the environment and public health to preventive efforts against organised crime, as well as ensuring secure borderlines; and promoting local cross-border people-to-people actions.

Two sources provide financial support for the ENPI-CBC programmes: direct allocations from the ENPI, and from the European Regional Development Fund. With this funding, the total budget available for ENPI-CBC programmes for the period 2007-10 consists of € 274.92 million from ENPI and € 308.36 million from ERDF, totalling € 583.28 million. For the period 2011-13, it is predicted that a further € 535.15 million (€ 252.23 million from ENPI and € 282.93 million from ERDF) will be allocated.

In the Eastern Neighbourhood, ENP is funding three Land-Border Programmes (Poland/Belarus/Ukraine: € 186.201 million; Romania/Moldova/Ukraine: € 126.718 million; Hungary/Slovakia/Ukraine/Romania: € 68.638 million) and one Sea-Basin Programme (Black Sea that covers ten states: € 17.306 million).

Euroregions – a CBC instrument that fell short of expectations

The GUAM area presently encompasses three established Euroregions, involving Romania (eight border regions), Moldova (24 districts), and Ukraine (two regions). These two Romanian-Moldovan-Ukrainian Euro-regions are the Low Danube (1998) and Upper Prut (2000), in addition to the Moldovan-Romanian Euroregion Siret-Prut-Nistru (2000).

Now in a dormant status, these Euroregions failed to fulfil expectations of communities that live in these areas. Revitalisation can take place only if existing legal frameworks for developing cross-border cooperation between Moldova, Romania, and Ukraine will encompass specific actions and projects based on the

requirements of relevant communities. Furthermore, the partners must jointly address the shared challenges that threaten the effectiveness and feasibility of the Euroregions. In this regard, a particular focus should be the enhancement of local authorities' institutional and human capacities; improving transparency and institutional accountability of the authorities; reinforcing respect for the rule of law; increasing efforts to prevent corruption among local authorities; enhancing social capital by encouraging community development and "regional animation"; establishing easily understood procedures of direct joint actions taken by national authorities in border regions to foster common interests and interactions with EU partners; creating institutional mechanisms to include elected authorities and governments in cross-border cooperation endeavours at bilateral and multilateral levels; establishing common protocols for financing, administration, and monitoring of cross-border cooperation project implementation; harmonising border control, taxation, and customs standards and practises, along with tariff systems that are overregulated, especially regarding mobility of goods across borders; and establishing joint funds for financing or co-financing cross-border projects.

*Case: the Dniester/Nistru Euroregion as an opportunity for confidence building*¹⁸

No political environment experiencing a frozen conflict has undergone an attempt for improvement of relations through the viable instrument of the Euroregion concept. The dormant conflict in the Transnistrian zone of Moldova is identified as a primary case where such a situation is considered for potential inclusion in a Euroregion initiative. The hypothetically successful establishment and implementation of this type of effort would be an experiment to potentially form a new function of the transfrontier model of cooperation already developed in numerous European regions. In this novel context, such an initiative would vary fundamentally from all other Euroregion iterations defined by sustained political animosity and historically involving violent confrontations.

The Euroregion's tripartite nature does not inherently present any complications, instead carrying added value. The feasibility of trilateral solutions for

¹⁸ The Dniester/Nistru Euroregion (DNE) was initiated by local governments from Ukraine and Moldova several years ago. The International Centre for Democratic Transition (ICDT) has provided local and national stakeholders technical assistance by developing a feasibility study on the possible creation of the Euroregion.

boundary areas involving Moldova, Romania, and Ukraine is proven with other instances of Euroregions created with the participation of these same three adjacent countries. The Upper Prut Euroregion and the Lower Danube Euroregion both present examples when two of the same partners in the proposed Euroregion endeavour along the Dniester-Nistru engaged in structures of cross-border cooperation encompassing three frontiers within its geographical range.

Background

Transnistria is a site of continual political and military crises amid a frozen conflict representing major challenges. There appears to be no immediate solutions to the disagreements that would be acceptable for all parties. Beyond Transnistria, many other European locations can be considered “frozen trouble spots”, like Nagorno-Karabakh, Northern Cyprus, South Ossetia and Abkhazia, and in many respects Kosovo.

Despite Transnistria’s declaration of independence in 1990, Russian troops are still stationed there now. Only two states have recognised it: South Ossetia and Abkhazia, neither of which are internationally recognised as independent countries. The primary causes of Moldovan and Transnistrian conflict are rooted in ethnic and linguistic issues mainly pertaining to the 1989 ratification of the Romanian/Moldovan language as an official language.

Since 1812, the land comprising the independent Republic of Moldova was occupied by foreign powers for all but a few brief periods. After decades of Russian control, this territory was then subjugated by Soviet dominance for much of the 20th century. Amid an era of pro-Russian and anti-Romanian opinion here, Romanian was established as the official language, with the Latin alphabet as the official alphabet instead of Cyrillic. Consequently, the eastern raions of the Dniester River – where the Slavic population (Russian and Ukrainian) held an absolute majority – declared the independence of Transnistria, depending on Russian and Ukrainian political support. Negotiations are currently underway in a “5+2” framework to resolve the area’s status. The parties involved are Moldova, Russia, Transnistria, Ukraine, and the Organisation for Security and Cooperation in Europe (OSCE). Delegates of the EU and the United States serve as official observers. The Republic of Moldova and Transnistria are separated by an internal border that has made travel significantly more difficult between these adjacent areas. Consequently, numerous previously existing economic and transportation connections have vanished.

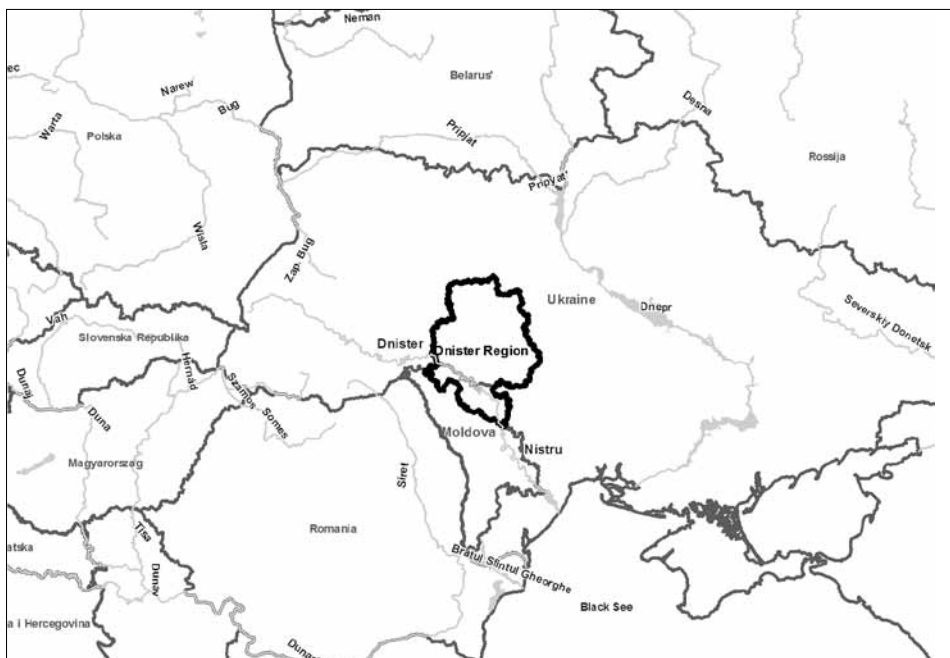
The international legal status of Transnistria is still unresolved to this day, with the area's leadership in Tiraspol operating according to the 1990 declaration of independence establishing itself as a de facto independent entity, although most international bodies do not recognise this. The area is an autonomous sector of the Republic of Moldova, according to the international and Moldovan perspective – a stance ratified in July 2005 by the Moldovan national assembly. While Ukraine backed this principle, Tiraspol did not recognise the legislation. The land of Transnistria is ruled by breakaway leaders enjoying fiscal and moral support from Russia, and unencumbered by Moldovan authority.

Because of this lingering conflict, Ukraine is now involved in the issue: the population of Transnistria is primarily of Ukrainian nationality, and Ukraine shares a 409-km-long border with the area. Ukraine's work with Moldova to address the conflict is evident in that the two countries have requested that the EU establish a mission – the European Union Border Assistance Mission (EUBAM) – to Moldova and Ukraine to control border traffic between the two countries. Furthermore, EUBAM can ensure that Moldovan interests are considered at the Transnistrian-Ukrainian boundary that is not yet patrolled by Moldova. In this crisis, Ukraine does not desire additional influence for either Russian or Moldovan (Romanian) interests. The optimal solution for Ukraine is for the area to be granted territorial and cultural autonomy within Moldova.

Because these tensions exist primarily at the levels of policy and politics and are not necessarily viewed by ordinary people at local levels, the Dniester-Nistru Euroregion can prove to be a practical tool for lessening tensions in the area. Administrative, economic, institutional, civil, and other forms of local initiatives could be established with a bottom-up approach here. Local communities and economic, institutional, and civil society actors do not want to see the conflict continue, instead desiring to begin cross-border cooperation and the development of local initiatives. The region is economically constrained and underdeveloped, with the provision of essentials for everyday life usually being the primary concern, made even worse by the difficulty of traversing borders and the poor infrastructure. The Dniester-Nistru Euroregion could serve as an example for conflict resolution for other frozen-conflict areas if it were to succeed.

Territorial characteristics

The Dniester-Nistru Euroregion's primary territory is located amid the Podolian Upland, which is the south-western part traversed by the Dniester River basin. The area predominantly encompasses plains with some gentle hills; no tall mountains are located there. The region's two major rivers are the Dniester River and the Southern Buh, located in the Ukrainian territory of the Vinnitsya oblast.



The planned territory of the DNE. Source: ICDT

The total territory of the Dniester-Nistru Euroregion would be 30,547.3 km² with a population totalling some 2,036,000 within four districts (raions) from Moldova, two districts (raions) from the other side of the Dniester River (Transnistria), and the Vinnitsya oblast from Ukraine, according to the National Bureau of Statistics of the Republic of Moldova¹⁹ and the State Statistics Committee of Ukraine.²⁰

When examining the ethnic makeup only within the adjacent border zones and not of the entire Euroregion, the multiethnic composition is evident in this

19 www.statistica.md

20 <http://www.ukrstat.gov.ua/>

region that includes three Ukrainian raions directly bordering the five Moldovan raions. The ethnic diversity and the challenges that accompany such diversity lend insight to the history of the area, which in varied eras has also been affiliated with varied prevailing political centres, which contributes to the establishment of a multiethnic society aiming for peaceful co-existence and receptive to multilingualism and multicultural interaction.

Negative characteristics of this region include a weak economy, insufficient infrastructure, a disproportionately aging population, unemployment and outward migration of professionals, and severe environmental damage in the Dniester River. Nonetheless, the region bears several excellent opportunities that could present intensive and effective cross-border cooperation beneficial for not only the affiliated entities but also for the whole region, which could boost Transnistria's attempts to overcome isolation.

Atmosphere of mistrust

A strong sense of wariness exists on all sides of the boundary regarding political and administrative authorities, institutions, and regional residents. One cause of this mistrust could be insufficient mutual knowledge about counterpart populations, or a prevalence of superficial knowledge. Several misconceptions or polarising political attitudes may be an additional factor. Cooperation within a Euroregion may foster an atmosphere of trust, or might at least assuage existing tensions to improve the region's appearance both internally and externally. A healthy cross-border relationship could stand out as an example for cooperation on higher or centralised political levels that can significantly ease overriding general political tensions. In some cases Euroregional cooperation has fostered democratic practises and respect for mutual values and interests, both within and beyond the areas participating in the cooperation.

Trust should be strengthened through the development of communities, institutions, and cooperation frameworks, and democratic cooperation should be enhanced. The causes of apparent tensions among nations and peoples are often from a lack of mutual understanding. An appropriate framework for cross-border cooperation and common development programmes can be fostered by the Euroregion, offering opportunities to build personal impressions, experiences, and knowledge. The prospects of forging improved relations in the Dniester-Nistru Euroregion among individuals, organisations, and institutions can be enhanced if Russian is established as the language commonly spoken between potential

partner entities. Interactions among NGOs and institutions share the same goals and are enhanced by the idea that in numerous circumstances particular public services can be more effectively provided through cross-border efforts than within domestic boundaries. To some extent, education and healthcare are also relevant to this category. Shared Euroregion-level planning could also be eased if the delegates of relevant administrative agencies develop good working relationships, or potentially come to support some type of Euroregional understanding.

Common themes and proposed strategic areas for cooperation

The findings of needs assessments and results of discussions between local stakeholders following a thorough examination of external and internal conditions and possible opportunities have identified five common themes where positive change is viable. These themes encompass shared motives and encourage a framework for developing a Euroregion:

1. **Economic Development Cooperation:** The objective of economic development cooperation is to maximise all positive synergies that are available through regional cross-border cooperation with a goal of contributing to the strengthening of all elements of regional infrastructure. This would especially have a considerable impact on the region's economic situation, creating jobs that lead to more diversified and efficient education.
2. **Tourism Development Cooperation:** Significant potential exists for cooperation in tourism regarding the creation of feasible objectives in terms of Euroregional collaboration. Every potential partner within the Dniester-Nistru Euroregion bears significant tourism potential, especially regarding the fields of cultural, medical, environmental, and rural tourism.
3. **Infrastructure and Transportation Development Cooperation:** Cooperation to enhance transportation and infrastructure is a prerequisite for all other forms of collaboration. The most obvious immediate obstacle to overcome could be the very poor condition of regional transportation infrastructure and cross-border transport facilities.
4. **Environmental and Disaster Management:** The revival and conservation of the Dniester River's natural life could be enhanced through cooperation on environmental issues, including water-quality improvement and widespread ecological protection. A major problem of the region is created by raw sewage being released into the river, creating detrimental effects on the ecosystem and negatively impacting tourism potential. Furthermore, weak coordination

over flood-prevention efforts along the Dniester River represents a dangerous threat that can be addressed through cooperation.

5. Cooperation among Communities, Institutions, and Individuals: Tensions among peoples and countries are often rooted in a lack of knowledge about one another. Efforts to overcome such ignorance can enhance trust and foster the advancement of democratic cooperation.

As a feasible instrument for enhancing collaboration, the Euroregion concept has not yet been utilised to ease the political environment of a frozen conflict. The unresolved disputes in Moldova's Transnistrian region would represent the initiatory case where such circumstances are considered for possible resolution through a Euroregion initiative. If it could be created effectively, the endeavour would become an experiment to test a hypothetical new function of the transnational model of cooperation already established in many European regions. In this context, an example of this type of Euroregion initiative would differ fundamentally from all other versions being characterised by long-term political conflict that once involved violent confrontation.

The Euroregion's tripartite nature does not inherently present any complications to these efforts, and instead carries added value. Other examples of Euroregions created to involve Moldova, Romania, and Ukraine established the effectiveness of trilateral solutions for peripheral areas involving these three adjacent countries. The Upper Prut Euroregion and the Lower Danube Euroregion both present examples demonstrating when two of the same partners in this proposed Euroregion initiative along the Dniester-Nistru participated in structures of cross-border cooperation that included three frontiers within its geographical range.

The process of establishing confidence is a long-term effort requiring the sustained engagement of all parties. Bringing together opposing sides by initiating coordination and establishing contacts is a crucial step in the gradual progress of confidence-building measures, even prior to any concrete result being realised in addressing the protracted conflict in Transnistria. The Dniester-Nistru Euroregion has the potential to enhance the range of potential cooperation among participants via the implementation of viable projects, including the direct involvement of the Transnistrian side to present considerable opportunities for collaboration and confidence-building among Moldova's conflicting sides of the river.

Cross-border Cooperation in the Western Balkans

Challenges

The disintegration of Yugoslavia created political conditions in the region that limited prospects for and interest in regional and cross-border cooperation of any kind. From the very beginning of the decomposition of the Yugoslav Federation, the Western Balkan countries have been facing three parallel basic processes – first they have to build a modern and functioning state, which, unfortunately in most cases, is based on the ethnicity principle of the 19th century. The current level of achievements is highly unequal. There are functioning states (Croatia, Serbia), weak states (Albania, FYROM, Montenegro), and international protectorates that exhibit features of failed states (Bosnia-Herzegovina). Kosovo can most probably be put into the last category. Secondly, state-building is connected with the development of transforming states. To different degrees, all Western Balkan countries are still hostages of ex-Yugoslavia both in economic terms and in social attitudes. State-building concentrating on differentiation from others and seeking instruments of self-strengthening in closed, inward looking, and autarchic policies would lead to a complete fiasco. Thirdly, adjustment to EU requirements produces a process of member-state building. Can establishing this as a top priority be considered as an adequate instrument to support state-building and transformation? Or should these countries achieve a certain level of normal state functioning before membership building becomes the highest priority? Is a top-down or a bottom-up process more promising? Or should both go their way simultaneously, hoping that history, favourable developments, or genuine and responsible government policies can create the interface where, at one moment in the future, the two processes meet each other and are smoothly connected? Since nation- and state-building is generally a process taking several decades and not without domestic and external (regional) tensions, and the Western Balkan political dynamism is much quicker, the EU had to support membership-building as an instrument to foster regional stability. The EU has had a key role in supporting economic rebuilding and stabilisation in the region.

The idea of regional cooperation among the Balkan countries came onto the agenda at the end of the 1980s with the birth of the Balkan Stability and Cooperation Conference; however, with the escalation of the Yugoslav crisis, the question of high-level cooperation necessarily and unavoidably lost all rationale after 1991. Instead, each Balkan state tried to smooth over the historic rifts by entering into

bilateral agreements. It is important to emphasise bilateralism: the countries of the region had never considered cooperation on a regional scale as a viable option.

At the beginning of the 1990s in South Eastern Europe, the process of Balkanisation accelerated as conflict followed conflict, which led to the development of smaller states and political units. In contrast to the dominant integration processes going on in Western and Central Europe, the Balkans witnessed fragmentation, wars, and economic decline. Balkanisation has presented serious security-policy risks in this region and in the international community through indirect channels. One of the most important characteristics of the violent processes that occurred in the Balkans is that they spread from one country to the other, and were accompanied by floods of refugees, the penetration of criminal networks, and the spread of hard-line nationalism. These processes were able to uproot even the best-intentioned political leadership, and the opportunities for strengthening interstate relations as an option. It became increasingly evident that this process could not be maintained forever, and all concerned parties agreed – at least at the level of words – that the international community had to assume greater responsibility in shaping the future of the region by encouraging and facilitating the improvement of intraregional relations at both political and economic levels.

It was essentially this objective that eventually led to the birth of the Stability Pact in June of 1999, and various Marshall Plan-like proposals that subsequently became futile.²¹ The proposals were underpinned by the fundamental realisation that democracy, stability, and economic prosperity could not be imported into the region, but at the same time they were also unable to evolve naturally because of conflicts within the region. The international community (and particularly the EU) may help establish the conditions, but establishing democracy, stability, and economic welfare is primarily the responsibility of the region's people. Nonetheless, the Stability Pact was the first sign of the West trying to establish some sort of structure to knock the Balkans out of the vicious cycle of violence and disintegration. Now these external initiatives have proved invaluable in promoting intraregional cooperation.

However, the development of regional relations stood little chance for many years to follow. In the period of time since the change of regime, the Balkans have distanced themselves from the mainstream world economy and world politics in all respects; their position is peripheral even in comparison with Central Europe. Despite the production structures in the individual countries being very similar,

²¹ The external support as a precondition for mass investment programs (that can be an engine for catching up) in developing countries was heavily discussed during the 1950s and 1960s in economic thinking. For the South East Europe region, a similar proposal was drafted as early as 1943 by Rosenstein Rodan.

the industrial production capacities of the former Yugoslavia had disintegrated or been destroyed in the war, while all of the usable components were transferred to foreigners.

The stabilisation and association process (SAP) guiding the preparation of Western Balkan countries for accession to the European Union is crucially dependent on regional cooperation. The process initiated in 2000 at Zagreb's Balkan-EU summit was given fresh impetus by the European Council's Thessaloniki meeting of June 2003, which strengthened SAP as the EU's policy for the West Balkans while reinforcing EU perspectives of the SAP countries (with participating countries permitted to join the EU once fully prepared) with official acceptance of the "Thessaloniki Agenda". A major benefit of the SAP is that it abated trade relations with the EU and also between countries in the region. The realisation of the previous objective was supposed to be eased by considerable allowances provided by the EU, and the latter objective was fostered by the free-trade agreements of the region's countries. The range of bilateral free-trade agreements of South East Europe was complete by 2006 – from an economic perspective, the 2006 Central European Free Trade Agreement (CEFTA 2006) proved to be a breakthrough in regional cooperation; with the former parties concluding their membership as they joined the EU, the agreement was ratified by the governments of the West Balkans, which gave it content and purpose.

Regional cooperation and reintegration among the Western Balkan states benefited from considerable support by the EU over the past ten years. It is widely assumed that increasing the level of regional cooperation will contribute to good neighbourly relations, with more effective and durable solutions of problems having a cross-border dimension, consequently enhancing living standards, a stronger democracy, and the emergence of tolerant multi-ethnic societies by bringing around reconciliation in the region. At the same time, regional cooperation can be a kind of training ground for these countries where they can learn how to cooperate with each other on a bilateral or multilateral basis before actually entering the EU.

In this context it is clear that these are basically merely potential benefits that regional cooperation may bring with it – the extent to which these benefits will prove to become actual gains depends to a large extent on the motivations of the participating states. If the agreements aimed at facilitating regional cooperation are perceived by these countries as a result of external pressure, and there is no real political will to implement them and enhance the way they function, they may not 'teach' these states to work together on a number of issues and advance good neighbourly relations. Their overarching aim will be to please the EU

by painting a positive picture about the region, and the agreements will have only as much content as is required to meet this aim.

Encouraging regional ownership

The Regional Cooperation Council took over for the Stability Pact for South-Eastern Europe in 2008, solidifying a regionally controlled and independent structure for cooperation that emphasises local ownership while ensuring that the global community would continue participating in the consultation and coordination processes.

The other important issue is the outside framework for supporting regional cooperation. Promotion of regional cooperation among applicant states was characteristic of the EU during the last round of enlargement as well, but it is not an exaggeration to state that the Union places far more emphasis on this issue than during previous enlargements, and it also faces more challenges. In the context of the Balkans we see that individual countries tend to focus on attempting to distinguish themselves from the others. To this we may add that the EU's enlargement policy based on 'individual merits' and – at least seemingly – building to a great extent on the principle of 'divide and rule' by organising a competition among the candidates in which the score is primarily only known in Brussels, does make it harder for countries here to choose a suitable partner with whom they could advance faster. All of these characteristics make regional and sub-regional cooperation in the Western Balkans harder to achieve, and they also compel the EU to undertake a more active role in this field compared to the previous enlargement, where one could also see applicants starting sub-regional integrations more or less 'spontaneously'.

Current state of cross-border cooperation

As in the case of Central Europe, the EastWest Institute played an important role in the 1990s to initiate and assist cross-border cooperation in the Western Balkans, such as the Prespa Euroregion in the bordering areas of Albania, Greece, and Macedonia, or the Nis-Skopje-Belgrade cooperation.

Currently, there are 13 Euroregions in the Western Balkans, but only a few of them are functioning, such as the Adriatic Euroregion covering three Adri-

atic countries (Albania, Croatia, and Italy) as well as the Euroregion Eurobalkan, which is the framework of the Nis-Skopje-Belgrade triangle cooperation. The rest of the Euroregions are dormant, existing only on paper with nice declarations and ambitious goals but no activity. The success of CBC initiatives in the region is challenged by many factors. First, the border municipalities are often left out of national-level programs targeting development, democratisation and capacity building. Secondly, municipalities and civil societies usually have much weaker capacities than those more centrally located. Thirdly, the tensions between ethnic groups are often higher in the border regions, and mistrust, which is one of the key conditions for CBC, is high, while central-level politics will always have a knock-on impact on the ground – making the social and political barriers to cooperation greater. Fourth, several unsolved interstate debates and conflicts exist, such as Kosovo's declaration of independence and Serbia's non-recognition of it, as well as the name debate between FYROM and Greece. All of these factors thwart cross-border cooperation.

Case: grassroots confidence building in the bordering areas of Kosovo, Macedonia, and Serbia

CBC is identified as key in re-establishing relationships between groups separated by both conflicts and new borders, and therefore has a fundamental purpose in conflict prevention and at re-building links while building positive connections between divided groups, and must be a basis for activities regarding shared needs and priorities, and addressing common interests (i.e. not just bringing people together for the sake of doing so, but instead as a functional conduit toward meeting needs of all groups). The approach should be based in participatory methodology: working groups proposed by communities are voluntary, and define their own objectives and activities through collective agreement with guidance from implementers.

Definition and character of the micro-region²²

As a unit, the micro-region covered by the project consists of a territory covering four ethnically mixed municipalities – Gjilan/Gnjilane (Kosovo), Kumanovo

²² This project was initiated by the EastWest Institute and the Institute for Stability and Development. The project description is the extract of Valbona Tahiri presentation at ICDDT conference on the Role of CBC in Regional Cooperation held in Chisinau, Moldova, June 2010.

(Macedonia), and Presevo and Trgoviste (south Serbia) – and therefore the acronym GPKT was formed from the first letters of the names of the four towns. The region has more than 280,000 inhabitants of different ethnicities.

The three main ethnic groups are the Albanian, Macedonian, and Serbian communities, and additionally there are smaller communities of Roma, Turk, and Vlach ethnic origin. The region is divided by two significant boundaries: the Macedonia-Serbia border, and between Kosovo and Serbia.

Following the Kumanovo Memorandum of 2002, which was signed by local mayors from Macedonia, Serbia, Bulgaria, and Kosovo, with reference to the Stability Pact's support in this area, EWI and key local municipalities agreed to concentrate on project-based activities on a core grouping of municipalities – G, P, and K, or the cross-border GPK 'micro-region' as it has become known. With SIDA and Danish funding, the GPK project activities were launched in early 2003.

About a year later, following the March violence in Kosovo, the three mayors agreed at a strategic meeting that a fourth municipality should join the micro-region, one with a majority Serb population in order to ensure that the micro-region initiative would not be perceived as either pro- or anti-Albanian. The municipality of Trgoviste was proposed and accepted as this new fourth member, and the micro-region became GPKT in 2004.

This inclusion of Trgoviste is a relevant example, indicating the importance of the aim of conflict prevention for the GPKT Project and associated municipalities. The approach of the GPKT Project has therefore been to address inter-ethnic and cross-border relationship-building at the same time as engaging in municipal capacity-building and work on joint economic development.

The GPKT Project objective is to foster sustainable inter-ethnic and CBC practises for systematic cooperation in the micro-region. Beside the work with communities at local levels, ISD works to influence key decision-makers in national capitals and international organisations in favour of the border communities and affected population with whom it works, and to draw attention to their needs and aspirations, thus taking a 'bottom-up and top-down approach'.

The wide range of activities is designed to:

- reduce tensions,
- promote security and stability,
- develop the capacity of the four municipalities and civil society,
- promote key policy changes important to the micro-region, and
- create frameworks for, and normalise, cross-border collaboration – between municipalities in terms of economic development, communication, and coordination, but also between communities in various thematic areas.

Project architecture

The four municipalities have been the major 'building blocks' of the project to date. The role of the GPKT Project in terms of municipal development was focused on facilitating strategic political dialogue between the municipal authorities and on building the capacities of the four municipalities for cross-border cooperation. The GPKT Project's activities cover four key working groups with participation drawn largely from civil society, media, schools, and youth.

Education Working Group

The type of activities the education committee is involved in depends on the degree of autonomy each school has. There is a need for the governments to be made aware that the process of education, especially on recent history, needs to be managed carefully because of the diametrically opposite understanding of the developments in recent years. Thus, this includes the development of capacities of teachers that will be reconciliation-orientated.

Youth Working Group

In the summer of 2007, local NGOs were established in each of the three territories to "indigenise" the work of the Youth Council. Another question that it is important to raise is the sustainability of the Youth Council, which is dependent on committed leadership and financial support.

Women's Working Group

This working group includes female NGO activists and leaders, female professionals, and female community representatives, and the group comprises women from all four municipalities and ethnicities in the GPKT area. The question of sustainability of the cross-border women's initiatives also remains an issue. However, The establishment of a cross-border network of activists is something significant in itself, and advances the conditions for future work.

Media Working Group

From the aspect of trans-frontier cooperation, work with the media is key to success in the process of promotion of such cooperation, and getting additional support to local ownership over the process. It has to be noted that due to the nature

of the media – whereas most of them are for-profit organisations – it has been quite difficult to keep them engaged on a voluntary basis in the process.

Lessons learned from the process

Relationship building and confidence building is at the heart of this work, and it requires an enormous amount of time spent by staff to build and maintain trust, a process key to the success and ability to continue work in difficult and uncertain circumstances. Plans for economic growth, security, and development in the broader region will be subject to collapse if the trust necessary for the maintenance of relationships has not been built.

Links between the local level and the central level are key. In issues of borders often being on the periphery – despite the fact that the stability of the micro-region is critical for stabilisation throughout the broader region – local knowledge is critical for appropriate and effective planning.

Capacity building needs to be appropriate and institutionalised in this region plagued by issues of high turnover and erratic elections. Training frequency is another issue here – people are weary of being trained (even though capacity-building is strongly needed), but if you train only one person the institutionalised memory can easily be lost.

‘Learning by doing’ is the best approach – take recommendations from participants about what they want to be trained in and how best to implement training.

Development (including conflict prevention) requires long-term strategies premised on broad stakeholder involvement and local ownership if they are to be sustainable.

Summary and conclusions

To overcome natural and governmental borders between countries to mitigate historical conflicts and prejudices between people and communities of boundary areas, cross-border cooperation is imperative. CBC is also a tool to link the periphery and centre, while promoting economic development and improvement of operational local and regional administrative frameworks.

As one of the crucial factors of regional cooperation, CBC has bilateral, regional, and European dimensions. Local administrations, civil-society organisations, and local enterprises can be considered as important actors in the procedures of CBC.

Particular successes and failures of the Visegrad Cooperation can all be beneficial as examples in the Eastern Partnership (EaP) and in the Western Balkan regions. These experiences can be summarised thusly:

1. Local-level CBC occurs as a result of natural development, and has therefore been a harder and lengthier process than the formation of the Visegrad Group itself.
2. CBC can be more difficult to achieve than interstate relations. The real challenge for state-level institutions and international organisations regarding the promotion of CBC is to establish a sustainable legal and institutional structure for CBC.
3. The delegation of authority regarding a particular issue to the lowest level where it can be addressed (subsidiarity) is crucial for CBC to succeed and prevent decision making from becoming bureaucratic.
4. Precise financial systems must be developed, such as in the case of the ENPI CBC instrument.
5. Constant attention must be paid to local capacity building.
6. The function of CBC is crucial to the process of European integration.

CBC is an important instrument for most Eastern Neighbourhood countries, advancing European integration procedures across boundaries and serving as a useful mechanism of cooperation for realising shared goals, such as:

- Encouraging economic development and improved living standards for communities of areas involved by improving conditions for investments, free trade, and unrestrained mobility of services, particularly by promoting regional integration into European communication and transport networks;
- Enhancing bilateral relations among adjacent countries and assisting political systems intended to address territorial conflicts, including the encouragement of minority rights on each side of borders;
- Mitigating challenges stemming from the rise of new dividing lines between the expanding EU states and countries lacking prospects for membership.

Three primary facets of analysing CBC (and regional hindrances to CBC) in the target areas are determining the role of states and local governments in CBC, financing and co-financing of CBC, and identifying mutual impacts of regional initiatives and CBC.

The role of national and local governments in CBC

National governments perform a crucial function in the development of CBC. The state is a dominant actor in domestic politics, but also has a primary role on the global stage. Since states frame the entire development of CBC, specific attention must be paid to these factors:

Legislation

Legislation enacted by national governments should foster the development of CBC, and should consider suggestions of local-government representatives and civil society organisations. Countries that genuinely want to develop CBC should harmonise pertinent legislation with neighbour states.

Decentralisation

The development of CBC hinges on the process of decentralisation. When regional and local governments acquire stronger competencies, opportunities for the improvement of CBC are expanded.

Transparency in decision-making

Transparency concerns state governments in addition to regional and local administrations. Preventing corruption is a pivotal challenge for both the Western Balkan and EaP countries, although the V4 countries should also address this issue vigorously. Only a transparent decision-making process enables relevant CBC stakeholders to trust each other.

Positive relations with neighbours

Good neighbourly relations comprise an important precondition for enhancing CBC. It is nearly impossible for neighbouring countries that contest their shared borders to develop fruitful CBC. Yet unsettled boundaries are not the sole challenge that can hinder positive neighbourly relations – other problems concern animosity between political leaders, or a lack of political will to address tensions.

Relations between local governments and the state

The relationship between local and state governments is important from the perspective of creating effective CBC. One problem in this issue might be varying political orientations of the officials from local and state administrations.

Relations among state and local governments and CSOs

Positive relations among state and local governments and CSOs are another precondition for effective CBC. Governments should regard CSOs as partners and not as distractions. This attitude also concerns the relationship between local governments and CSOs – regional administrations need to coordinate their efforts at a grassroots level to be relevant at the central level.

Financing and co-financing

Financing and co-financing is of paramount importance for CBC, and therefore states should actively participate in the financing of CBC, because positive relations with neighbours and regional cooperation are among their primary foreign-policy priorities, and are necessary for advancement in efforts toward European integration. Additional funding sources include international financial institutions and other donors (funds, foundations, etc.). For instance, the International Visegrad Fund apparently draws partners both in the Western Balkans and the EaP countries because it is a unique institution devoted to funding cultural, educational, and cross-border cooperation projects. During the decade of its existence, the IVF has developed into an important actor in supporting the encouragement of Visegrad cooperation.

Regional efforts and their impact on CBC

The function of the Visegrad group for the development of CBC is crucial. The importance of CBC in establishing positive neighbourly relations is not only recognised politically and embedded in all major V4 documents – including the paramount guidelines and declarations – but is also fiscally supported through the Visegrad Fund.

Problems still plague the Western Balkans regarding insufficient indigenous and effective regional initiatives in this field. While initiatives exist that warrant consideration, like the Regional Cooperation Council (RCC) or the Southeast European Cooperation Process (SEEC), they lack sophisticated solutions to support the development of CBC.

The participation of Eastern Neighbourhood countries in the Eastern Partnership concept presents opportunities for the regional improvement of CBC. Still, expectations should be kept at a minimum for now, because the EaP remains at a stage of being fleshed out in practise. The EaP Civil Society Forum can provide an additional initiative to be used for CBC development.

Recommendations

While central authorities do not implement CBC, they need to establish the proper legal, institutional, and financial preconditions for it. Continual coordination and sharing of experience and information between state and local levels is therefore imperative. The organisation of “NGO Fairs” – where all interested stakeholders could share their ideas and goals, and thus create a platform for dialogue while seeking partners and funding – could provide a useful instrument in both areas. Furthermore, NGO Fairs may draw the attention of international donors. Dialogue should also be institutionalised among Euroregions to exchange experiences and promote the development of this particular form of CBC.

A recurring forum should be established for border dialogue in order to encourage CBC in a broader arena throughout Europe, and to represent the particular interests and requirements of boundary regions in the Western Balkans and the European Neighbourhood area at a transnational level.

In support of replicating the IVF model in the EaP and Western Balkan regions, the International Visegrad Fund is prepared to take part in establishing technical assistance on the IVF model for interested governmental and non-governmental delegates.

Because Euroregions are a crucial instrument for CBC, countries should begin the required endeavours to reinvigorate them by taking advantage of the best practises provided by well-established Euroregions, such as the Carpathian Euroregion and the Carpathian Foundation.

The experience of Visegrad also demonstrates that partnerships among local, regional, and central authorities are imperative for developing and carrying out cross-border cooperation projects. Such is the situation in Slovakia, where the inter-ministerial CBC committees have engaged the local, regional, and central authorities in an ongoing communication network regarding issues concerning CBC. These committees assist them in identifying concrete needs, developing projects, finding resources, and monitoring the realisation of projects.

The EU fulfils an increasingly crucial function in establishing medium-term strategies and fiscal resources for encouraging CBC. The strategic framework for EC support for cross-border cooperation on the outer boundaries of the European Union is provided for by the ENP CBC Strategy Paper 2007-2013 and Indicative Program 2007-2010, along with indicative allocations and programming structures under the European Neighbourhood and Partnership Instrument (ENPI). In the Eastern Neighbourhood, ENP is financing three Land-Border Programmes – Poland-Belarus-Ukraine (€ 186.201 million), Hungary-Slovakia-Ukraine-Romania (€ 68.638 million), and Romania-Moldova-Ukraine (€ 126.718 million) – and

one Sea-Basin Programme encompassing ten states (€ 17.306 million). Nonetheless, granting procedures for available EU funds to support CBC should be simplified; including major relief from administrative burdens imposed upon applicant NGOs and varied local organisations. Meanwhile, more (and more-flexible) fiscal support is required to support micro-projects and/or commence projects (i.e. small grant plans) as a way to increase dynamism to cross-border cooperation and involve more local actors.

THE ROLE OF CIVIL SOCIETY IN REGIONAL COOPERATION

Introduction

The European Commission President, Jose Barroso, speaking to journalists in Brussels about The European Council's December 17, 2010 agreement to give Montenegro candidate status for EU membership, said "This is a strong signal of our commitment to the future of the Balkans"¹.

Half a year prior to this milestone, in June of 2010 the EU-Balkans High Level Meeting in Sarajevo marked the 10th anniversary of the Zagreb Summit of November 25, 2000, during which the EU launched the Stabilization and Association Process and the European perspective for Western Balkans. Before the meeting civil society representatives from the Western Balkans submitted a joint statement calling for a new impetus for the process of their countries' accession to the EU, and a reinvigorated and clarified policy towards full-fledged EU membership. The statement, signed by over 450 NGOs from six countries of the region, highlights five policy recommendations. A key one of them is: "Encourage the countries of the region to strive for the following goals: candidate status for all of the countries by the end of 2011. (Civil Society Representatives from the Western Balkans Call for New Impetus for EU Accession, 1, June 2010)."

The fact that 450 organisations of the region were able to articulate a joint recommendation of such a major scale is an important achievement and shows the incredible stake that civil society has in this process, as well as the high level of organised civil society in the region.

There are signs of organised, policy-oriented civil society in the Eastern Partnership countries too, where, for example, The Eastern Partnership Civil Society Forum gathered over 200 representatives of civil society from EaP countries and EU Member States to prepare comments, discuss, and make recommendations in order to help implement the goals of the Eastern Partnership, such as supporting democratic and economic reforms and advancement. Its Forum of CSOs prepared

1 sofiaecho.com

recommendations which were then presented at the meeting of the European Council of Ministers, expressing a wish to become institutional partners of the EU's institutions, Member States, and the EaP authorities, in planning, implementing, monitoring, and evaluating the Eastern Partnership programmes. „This initiative provides an opportunity for the partner countries to integrate with European institutions by developing stable democratic structures, and by enabling the stronger participation of civil society in areas such as human rights, electoral standards, media freedom, combating corruption, and the training and networking of local authorities.”²

Against this background the International Centre for Democratic Transition (ICDT) has been working on its project “Sharing the Experiences of the Visegrad Cooperation in the Western Balkans and the EaP with a special focus on GUAM Countries”. One of the project’s focus areas is civil society.

The three regions of the project are very different from one another, their context is incomparable, and their civil societies are hardly the same. Nevertheless there are some overarching similarities in their history and current development.

The examined regions’ tradition of civil society shares the common historical heritage of the Communist past, when state dominance in all spheres of life was the norm for decades. The regions have all been influenced by negative experiences like enforced participation during the Communist decades; they have young and fragile newly minted civil society sectors and resource dry environments, to name a few similarities of concern. At the same time, they also share some mutual, positive elements such as the relative freshness of the sectors, the great opportunities for change, and substantial international attention (especially that of the US and the EU) towards democracy and civil society in these regions.

The Post-Communist Civil Society of the region

This paper employs the notion of pluralistic representative democracy and reduces the object of the analysis to organized civil society; it focuses on recent developments based on case presentations. For the purposes of this paper, civil society is defined as an intermediary space between the area of private interests and the state, and it concentrates on organized civil society (as one component of civil society). Civil society is a vital part of participatory democracy and, as such

² <http://www.epd.eu/eastern-partnership-civil-society-forum>

is located outside the spheres of market, state, and private life. It is in the sphere of civil society that active citizens become conscious of the interconnectedness of what the modern sociology calls the 'lifeworld'. In this sense, our concept of civil society closely corresponds to Arendt's, Kubik's and Habermas' definitions of civil society as a ground for the public sphere, or identical with the public sphere (Arendt 1998, Kubik 2000, Habermas 2003).

From the 1970s on, the term, as well as the concept, of civil society itself has played an important role in opposition against the Communist regimes. Together with Latin America, the experiences of Central and Eastern Europe (CEE) have contributed to a revival of the term. The main authors who have influenced the understanding of civil society by CEE dissidents include the Hungarian philosopher György Konrád, Polish journalist and writer Adam Michnik, and Czech playwright Vaclav Havel. For supporters of dissident movements, civil society was an integral part of their everyday life, it was a lifestyle. The dissidents' understanding of civil society was based on a number of core normative concerns: an ethical imperative for action, belief in humanism, support for human rights, opposition to the state, and the autonomy of the individual and the defense of human dignity (Michnik, 1990. 11.3.).

In this context civil society was a form of "anti-politics," a term coined by Konrád in the 1980s, or "parallel polis" as Petr Pithart put it at about the same time. Havel's essay *Power of the Powerless* also played a very important role. In this essay he accentuated the ethical imperatives of action and coined the term "living in truth" as the antithesis of everyday life under an authoritative regime. For Havel and other dissidents across Central Europe, civil society was a project, vision, and program which did not so much exist in a separate social sphere from the state as in direct opposition to it and its totalitarian apparatus.

A very important feature of how civil society was conceived within the dissident intellectual circles was its strong opposition to the use of violence. An example of the rejection of violence in Central Europe can be seen in the public campaign entitled "Give the policeman an orange!" organized in Poland in 1980s, during which protesters presented on-duty policemen with the then-scarce tropical fruit. Another similar example was one of the key slogans used by the protesters in Prague on November 17, 1989: "We have bare hands!" The main goal of these actions was to highlight the non-legitimate use of violent force - a power that was concentrated in the hands of state.

The discursive controversy surrounding the notion of civil society mirrors the ideological struggle between the proponents of an active merging of civil society and politics (in CEE, one of the most active promoters of this approach is the former Czech president Vaclav Havel) and their counterparts (represented

in the CEE most vocally by the current Czech president Vaclav Klaus). The latter group view civil society as a dispensable addition to (elitist) representative democracy, and wish to reduce citizens' participation solely to elections ((Klaus, 2002). However, the core of this dispute is deeper - it concerns the delineation of state and civil society spheres of influence. In the area this paper concerns, the confrontation between these two approaches is especially contradictory and crucial - based on historical experience. Post-Communist countries, as well as Europe as a whole, are currently facing discursive conflicts about the meaning and role of civil society. Current research in the field (Rakusanova 2007) demonstrates that the controversy reaches beyond opposing interests or power positions vis-à-vis civil society. Rather, the clash over the concept of civil society is an important manifestation of rival theoretical conceptualizations of democracy. As such, this clash is directly related to current debates about the nature of democracy in the emerging European polity.

Main challenges and good practices

This section reflects on the current state of organized civil society in the three regions of this project and highlights some specific examples and case studies of the efforts made to advance its development. The strengths and weaknesses of organized civil society in the three regions are assessed to evaluate the overall dynamics of civil society, while cases are presented to show the challenges and opportunities.

The three regions and their component countries are vastly different, nevertheless there are some overarching issues, and certain patterns have emerged in the different countries and the response to them has varied according to the different actors, which is worth examination.

The information included herein has to be extremely generalized as both the geographic and thematic scope of the paper is huge. Because valid information and published material and analyses are very limited in most of the countries, much of the information has been gathered from partners of ICDDT in the regions, from secondary sources (especially USAID, the European Commission, and other donor reports) and, often, anecdotal references. It is hoped that the information gathered will serve to further discussions and generate new ideas for civil society development.

The core structure of this section includes the six key issues of sustainability that are generally recognized to be the crucial factors determining the sustain-

ability of civil society organizations³, with the additional element of regionalism also being examined:

- (1) Financial viability,
 - (2) Organizational capacity,
 - (3) Public image, advocacy,
 - (4) Infrastructure,
 - (5) Legal environment and
 - (6) Provision of services.
- (+1) Regionalism

As we examine these areas we will aim to highlight concrete cases to illustrate the state of civil society affairs, including challenges and development with a focus on the experience of regional cooperation.

Main challenges and good practices in the Visegrad countries

The four countries focused on in this section are often called the “Visegrad region” or “Visegrad Group” and are also called the “Visegrad Four” or “V4”. There is an alliance of the four states – the Czech Republic, Hungary, Poland, and Slovakia. All four members of the Visegrad Group became part of the European Union on May 1, 2004. These countries share in particular many common features of the region, and many characteristics of their civil society sectors have been and remain similar.

The V4 region went through a major growth period for civil society after 1989, and it is the only region of the three we will discuss that has not yet had any major interruption to its quick and continuous development for the past few years. Accession to the EU has influenced the development of the civil society sector, but has not changed its overall structure and development. By 2010, however, many major structural changes had taken place and the speed of development slowed, while stagnation becoming notable in many areas of civil society development in the region.

³ Most importantly the 2008 NGO Sustainability Index for Central and Eastern Europe and Eurasia by USAID as well as the World Bank Democracy and the CIVICUS Civil Society Index

Financial viability

Even after twenty years of development, the main weakness of the non-profit sector in the post-Communist Europe is its financial viability. This holds most true in the countries of the Eastern Partnership, to a lesser extent in the Western Balkans, and is true even in the V4. The three regions' revenue structures are different from those of the old democracies' and their challenges are different too.

This section presents a 'snapshot' of the main challenges and some concrete creative solutions that could be offered in the V4 countries to generate resources.

As a general rule, in the V4, the rate of private giving (that is, individual, corporate, and foundation-based philanthropy) remains very low. As a result, many civil organisations tend to rely on self-generated income (service fees, sales of products, membership dues, investment income, and unrelated business income) resulting in more service oriented sectors. As an alternative, reliance on public support (government and local government sources) is both frequent and significant. This kind of revenue comes in several forms, through various mechanisms of distribution. In traditional democracies the mechanisms of distribution are well-defined and are expected to be non-political, e.g. 'normative' (per capita) support or preferential to arms-length approaches and/or politically non-biased, transparent decision making processes. Many argue that not only are such mechanisms rare in the region, but also the size, focus, and distribution procedures of government grants are dependent on personal attitudes and interests, and vary from year to year and decision maker to decision maker. Some express (Kuti, 2008), that this raises (at least) two important issues: one of them is "the endangered independence of civil organisations; the other is the limited availability of public support."⁴

From a historical perspective it is a major achievement that regulatory practices have been established throughout the region to support the financial sustainability of NGOs, but they have been established to inconsistent degrees. Although this paper does not seek to present an overview of those legal mechanisms and analyze the ways that laws and regulations can help (e.g. tax incentive, exemptions etc.) it does observe the fact that it is not unusual of state actors in the V4 to cut back on incentives that had been introduced earlier and not necessarily find replacements for the funds. Unfortunately neither the advocacy power of

⁴ *In the case of Hungary, for example, such practices have resulted by 2009 in court cases of hidden party financing via NGOs from central government's civil society budgets, while in other cases, organisations being painted in political colours, harming the whole sector.*

national CSO actors nor regional solidarity were used to their full potential to minimise the harm in this area.

Needless to say, these tendencies hamper the already slow growth of private giving. Although individual and corporate giving, against changing legal environments, has growing prestige, its real financial value still remains to be cashed by CSOs. It is also generally agreed that, although there are some positive exceptions, the giving practices of the early foreign private donors were not necessarily replaced or followed by local practitioners, either in terms of their transparent, non-political giving practices or in terms of their generosity and long term visions by investing into projects with long returns. The Donors' Forums, established to support philanthropy and public benefit activities, and the creation of an enabling environment for grant making and donor activities in their countries, have contributed a lot to this underdeveloped area, all recognising the need for further advancement of philanthropic culture in the V4.

There is not sufficient space in this paper to discuss the role of EU funds. They unquestionably constitute substantial financial assistance and shape the economic, social, and environmental development of these countries. The appearance of EU funds has influenced the work of many organisations, not only because of their large amounts (for a limited number of organisations) but also for setting up new organisational practices (e.g. of planning, administering, monitoring, disseminating project plans and results) and have raised new challenges for the civil society sectors, among them the issues of transparency and transparent decision making and public participation. The conviction that citizens should have an opportunity to influence the way the resources available under the funds are distributed made the CEE Bankwatch Network⁵ develop a project on Public Participation in EU Funds⁶ addressing the “concept of public participation, i.e. the involvement of citizens in decisions on spending public money from EU funds like the structural funds, the Cohesion Fund, and the pre-accession funds (ISPA, SAPARD). Public participation can take place at different stages of the decision-making process”...monitoring “the state of public participation in the central and eastern European region and advocating for wider inclusion of citizens in the de-

5 CEE Bankwatch Network is an international non-governmental organisation (NGO) with member organisations across the central and eastern European region, monitoring the activities of the international financial institutions (IFIs) which operate in the region, and propose constructive alternatives to their policies and projects in the region.

6 <http://www.bankwatch.org/project.shtml?w=147577&s=460581>

cision-making processes regarding EU funds.”⁷ The experience of such efforts is highly valuable outside the V4 region too.

Local solutions for resource mobilisation with regional influence

The financial needs of the growing sector have lead to creative solutions from the different actors, and several of them have been followed with interest and adopted in various countries. Some of the most influential examples of creative solutions are the so- called Percentage Philanthropy; the structure of the Foundation Investment Fund (FIF), and the example of community foundations.

The first, percentage law created in the region was the 1% law introduced in Hungary in 1996, which allowed taxpayers to transfer 1% of their previous year’s paid personal income tax to the charity of their choice, provided that the charity complied with certain legal requirements. The system has been positively received in the Hungarian NGO community, not only because of its revenue generation potential, but also, and mainly, for its potential of donor education; for attracting resources to organisations that would rarely receive funding from central budgets; for diversification of funding, and for grassroots decision making. It did not take long to prove that the system does indeed bring resources to grassroots organisations that are known in the community by the citizens who are willing to contribute to them with their 1%-s and, thus, balance the dominance of the well-to-do NGOs of the capital city and bring attention and resources to local communities. It has also been able to advance the PR, communication, campaign, and networking skills of organisations and become the prime revenue source for some organisations. The model was critically assessed⁸, with the support of the Sasakawa Central Europe Fund, and similar solutions were developed elsewhere in the region (in Slovakia, Poland, Romania, and Lithuania) while some countries, after thorough examination (e.g. Estonia), have decided not to introduce a similar mechanism due to its limitations.

Similar widespread interest has been achieved regarding privatization proceeds used for endowment funds, but the model could not be replicated, however timely it was. The forerunner of endowment building was the Foundation Investment Fund (FIF), which was established by the law passed by the ČNR (Czech

7 <http://www.bankwatch.org/project.shtml?w=147577&s=460581>

8 See www.onepercent.hu

National Council) in 1991, “with the aim to support foundations selected by the Chamber of Deputies of the Parliament on the proposal of the Government” by making use of 1% from the sale of shares in the second stage of the coupon privatization via competitive tender with a clear intention that the FIF contribution was intended for foundation endowment, and only foundations annual revenue would be used for grants. Such an increase in endowment was unprecedented in the region and is a significant contribution towards the self-support of foundations that provide substantial financial resources for other non-profit organisations. Such development reinforces the financial sustainability of the entire non-profit sector of the given country. As is rightly argued, the construction is unique not only because the state has donated financial resources to private foundations, but also “in the fact that its donation is not designed to be allotted but to be deposited in the foundation endowment. To dispose only of the income of the FIF means to ensure that the financial contribution of the state is not expended on short-term purposes but, to the contrary, that it serves as a tool for the development of long-term strategies guaranteed solely by the annual income. During the past ten years it has not always been certain if the Foundation Investment Fund would really fulfil its original intention as stipulated by law (the state support of foundations) or if it would eventually be incorporated into the state budget. From this perspective, it is not significant which foundation succeeds in the competitive tender. What is important, however, is that the entire foundation sector has succeeded because the financial resources earmarked for the sector have been retained and eventually distributed.”⁹ Although, the economic environment that has made this construction feasible in the Czech Republic was present in other countries of the region, and the C.S. Mott Foundation has made efforts for disseminating the model and its human expertise to other countries, the model has not really gained serious interest.

Meanwhile, community foundations have marked their presence in the region. They are easily replicable models and send a clear message that citizens have enough energy and capability to solve their problems by bringing their own resources together, which has turned it into a movement. The Healthy City Foundation at Banská Bystrica in Slovakia is the first community foundation in the region. The mechanism that was developed was partly a self discovery and partly inspired by community foundations in the USA and the UK. Based on the model, the Foundation did not run its own projects but supported projects initiated by the citizens themselves, where the foundation creates a platform on which the

9 <http://www.batory.org.pl/english/civil/nif.htm>

work, ideas and capability of individuals and organizations can meet with the support and financial help of others. The Healthy City Foundation has not only become the biggest non-profit organisation of Banská Bystrica and Zvolen and a key-player in the community, but has also ranked in the top list of endowed organisations in Slovakia. The model soon spread (though not to Hungary) and national associations were established, resulting in the organisation of the first V4 Community Foundation conference in 2008.

Considering the scale of EU assistance for the region, it is important to bear in mind that there are different side-effects, that, if cleverly used, can be beneficial overall, not just for the financial development of the sector (among them are the issue of public participation as well as the immense opportunities for cross-border cooperation and interest representation, to name a few).

The NGO sector's sustainability has been somewhat enhanced in the region due to creative practical solutions, but prolonged commitment to developing this aspect of sustainability is of utmost importance. Certain creative solutions for resource mobilisation have spread with success in the region while others have not, most probably due to underdeveloped interest in the representation and policy development skills of sector wide initiatives.

Organisational capacity

From a historical perspective, the third sector of the region has gone through a major development in its organizational capacity in the last twenty years. This is partly a natural development, as organisations have learned by practice, and partly a conscious, strategic investment of supporting entities.

The early organizational capacity programs were closely modeled on the US experience and funded by US donors. A leading example is the Johns Hopkins University's and Civil Society Development Foundations' training of NGO trainers program, as well as third sector scholars fellowship opportunities to the US and Europe. The very same funders who have supported these programs have helped with the development of the organisational capacity of the sector by investing in institutions that have provided services to the renaissance of the sector. These entities have included capacity building organisations like the Nonprofit Information and Training Centre (NIOK) in Hungary, Slovak Academy Information Agency – Service Centre for the Third Sector (SAIA-SCTS) in the Slovak Republic, JAWOR/KLON in Poland, and others in the Czech Republic, Lithuania, Estonia, and elsewhere. These centres have formed the Orpheus Civil Society network to

facilitate sharing of knowledge and expertise among information and resource centres in the CEE and beyond. It was owned and directed entirely by the participating members, and coordinating functions have been taken up by the European Foundation Centre (EFC). One similarity of the organisations has been their role in their countries, namely providing information to and about the sector; training and education in organisational capacity, skills development; advocacy for the sector, especially in legal and fiscal matters; mediation among the sectors and opening networking and communication channels within the sector, with donors, partners, and with international entities.

Exchanges of expertise among these centres have been facilitated via rapid aid funds, study visits, and workshops. This type of work and methodology was proven to be useful during those years when the first milestones of the sectors needed to be laid. The know-how exchange among the leaders of these organisations has assisted some corresponding developments and reduced unnecessary duplication of work.

Unfortunately, after this phase which coincided with the departure of the foreign donors, many of these centres could not or did not want to adjust to the changed environment, where several of their original functions have been taken up by institutions with a more specific focus, e.g. universities have started to run accredited courses on NGO management, Donors Forums have been established to support the development of organized philanthropy and to create favourable conditions for giving, Volunteer Centres have sparked to support and promote volunteer activity and its legal environment. Although some have remained to be active players in their community, many have ceased to exist or stopped serving the development of the civil sector and, therefore, the network has become dysfunctional.

Today, the organisational capacity development of the sector is rarely considered to be a priority. While there are serious challenges to overcome even today (e.g. the minimal number of full-time employees, a high turn-over of staff, a lack of long-term planning, transparency of the sector, constituency building, project based existence, uneven allocation of resources), with the departure of some key US funders (like the C.S. Mott Foundation, the Ford Foundation, The Rockefeller Brothers Fund, the Soros Foundation) there are rare exceptions of resources available for this type of work (to name some key exceptions: EEA Financing Mechanism and the Norwegian Fund, the Trust for Civil Society in Central and Eastern Europe, some programs of the National Civil Fund, and the EU TÁMOP in Hungary).

Many argue that there is still a large role for entities responsible for the development of organisational capacity of civil society in local development as well as in the international arena.

Public image, advocacy

The time when it was thought that anything done by a non-profit organisation could only be good is over; citizens have gradually learnt that NGOs come in all sizes with all kinds of missions, means, and techniques.

It has been a long learning process and not an easy one. The very first challenge that organisations faced was the difficulties of building and maintaining constituencies, members, and partners. Membership based communication, as well as communication with the broader public, is a skill rarely practiced well by CSOs in the region. In some countries, where newspapers in the past offered sections for civil society work (e.g. Kurázi of Magyar Hirlap in Hungary, Sme Daily newspaper in Slovakia) they have stopped this opportunity, leaving NGOs to be equal users of the free media, but lacking the know-how to deal with it. A telling example is the case of Hungary where the extreme right has had a continuous presence in the media, while civil demonstration against it, and against discrimination and homophobia hardly come through.

Although rarely featured in the national press, civil society organizations and their activities constitute an integral part of regional and local press coverage. Organisations more and more regularly make use of the public spaces by organising exhibits, demonstrations, public presentations, NGO markets etc. The NGO market is even organized on regional level by the prestigious FORUM2000, based on the conviction that „non-governmental organizations represent a key factor in the development of a strong civic society and that they play a vital role in transformation processes in Central and Eastern Europe. Therefore, they should be provided with more opportunities and support in communicating with public, sharing experience with each other, establishing new partnerships and further education and growth.”¹⁰ This unique event has grown since 2000 to reach beyond the V4, largely thanks to IVF as its major partner, attracting NGOs active in education, volunteering, human rights, the environment, and other issues.

¹⁰ <http://www.forum2000.cz/en/projects/ngomarket/>

Civil society organisations are gaining more and more experience with regard to advocacy, campaigning and lobbying, and success stories, although sporadic help build confidence. The legal bases for such activities have, by now, been developed, while the resource and skills base remains underdeveloped. Nevertheless there have been some issue based successes in the different countries (e.g. against domestic violence in the Czech Republic, by the Alliance against Domestic Violence, the rights cases of the Hungarian Civil Liberties Union, the work of the Initiative for Freedom of Association in Slovakia via www.slobodazdružovania.sk, and others) while reportedly, thanks to the EU funds available for advocacy in Poland around 2008, many NGOs carried out advocacy work.

On the European level there are more and more opportunities for interest representation. The EU has become more open to the views of NGOs, while organisations have also been able to form coalitions on both the regional and European levels and get their voice heard in the EU.

As one of the first success stories of influencing Brussels is a frequently cited example of the ad-hocly organised joint work of CSOs around 2004. When a region moves towards accession to the EU, most foreign financial donors of civil society minimise or cease their support to the region; their absence has been most critical among the civil society development and pro-democracy, as well as human rights organisations. As an immediate reaction, a successful advocacy campaign was started with the coordination of the Open Society Institute (OSI) offices to advance the idea of a funding mechanism from European sources to support civil society in the New Member States. Although funding was promised, the European Commission's management problems affected the grant procedures and resulted in a protest letter initiated by the CSO leaders in Slovakia, to Mr. Franco Frattini of the European Commission. Following this, there have been three successful funding years for civil society in the Member States that acceded to the European Union on the 1st of May, 2004 (in the areas of the rule of law, democracy, fundamental rights, media pluralism, and the fight against corruption). This initiative has been marked by many as an example of when a coordinated joint effort of CSO leaders in the region has had clear results. The fact that, by now, leading NGOs have joined many interest representation associations of European nature (e.g. Social Platform, CEDAG, ECAS) shows that these organizations see great potential in expressing their views jointly on the European fora.

Since 2004 several channels and procedures have been established by the European bodies themselves to hear the voice of civil society organisations. One example of this is the procedures and protocols (the so-called Dialogue with Civil society organisations and the Fundamental Rights Platform) introduced by The European Union Agency for Fundamental Rights (FRA) regarding engagement

with civil society in order to fulfil its main objective of providing assistance and expertise relating to fundamental rights. Another method used is the hearing of issue-based groups, e.g. a conference in March 2010 organized by The Directorate-General for Education and Culture to discuss the involvement and impact of EU programmes with the Roma minority. It is based on a selection of the best examples of projects related to the Roma people, all funded through various European Commission programmes.

There are also some rare examples of coordinated advocacy- building structures established to benefit the region. As the examples show, the public image and advocacy of the NGO sector's sustainability has developed to some extent, and local NGO communities demonstrate examples of professionalism and good practices, but working on a regional level should be better employed, and there should be more creative and effective uses of the opportunities provided by EU membership.

Infrastructure

As substantial investments have been made (by private foundations, like the Open Society Institute, C.S. Mott Foundation, the Ford Foundation, the Sasakawa Peace Foundation, as well as foreign government aid programs, like the Dutch Embassy's MATRA KAP programs, USAID, and the Canadian CIDA) into infrastructure development, it is now among the better-rated aspects of sustainability in the countries under study.

One must agree that the basic infrastructure for a functioning civil society has been achieved, starting with the fundamental right for freedom of association and continuing to the field of physical infrastructure and provision of office space and buildings owned by organisations. Data is available to feed into policy development regarding the future of civil society; there were training programmes for trainers of civil society leaders at the Johns Hopkins University and elsewhere; later university courses were established on nonprofit management; there are civic information websites, Civil Service Centre networks, and Community Technology Centres, to name a few of the developments. Several programs have been supporting the IT development of the sector, the most recent one affecting several countries is TechSoup.org, which offers nonprofits a one-stop resource for technology needs by providing products and training.

Several coalitions of NGOs have been formed spanning all levels, but the techniques of such organizations still need to be developed. One can claim that the

environmental organisations are the best equipped with skills on coalition building, which brings solid results on several levels. There are also committed leaders working in this area, which is due mostly to the almost twenty year old Environmental Partnership for Sustainable Development (EPSD), and its investment of € 20 million to support local initiatives. The consortium of six foundations in Bulgaria, the Czech Republic, Hungary, Poland, Romania, and Slovakia work to mobilize and empower people to improve their environment, their local communities, and societies. Using a flexible mixture of small grants, technical assistance, networking and training activities, as well as special programs, the EPSD has made its footprint in the region on a local as well as a regional level, and has become an active player in the non-political grassroots as well as in the political arena with its excellent interest representation (while steering clear of party politics).

The political role of the sector has grown, especially in those countries where the government is more receptive and open to working with civil society. In some cases government protocols are designed to channel the view of NGOs to influence state decision making. In Poland for example, NGOs have representatives in ministerial advisory bodies and in the Government Board for Non-profit Organizations (RNNO), while in Hungary the decisions of the state's National Civil Fund are made by elected NGO representatives. Furthermore, Polish civil society organizations successfully formed sectoral coalitions in order to have a representative on the European level in Brussels in the period preceding EU accession. Unfortunately, this model could neither be replicated by other interested pre-accession countries nor was there a coalition for a joint presence by the V4.

Among infrastructural organisation a pressing need has been recognised, namely the need for more professional policy making in the region. This has led to the creation of several policy centres (often with the support of the OSI) whose focus includes civil society and democracy and, soon, the Policy Association for an Open Society (PASOS), a network of independent think-tanks that supports policy centres in promoting open society values, including democracy, good governance, and the rule of law and human rights. Beyond setting the ground for policy professional work, PASOS conducts joint cross-border projects and joint advocacy to strengthen the voice of think-tanks from the new EU members and their eastern neighbours at the EU level, in other European structures, and in the wider neighbourhood of Europe and Central Asia. A major advantage of this organization is that it is capable of synthesizing the knowledge and experience of several countries.

In its recent study¹¹ PASOS argues that “in the new EU members of Central Europe, a lack of public confidence in the current political elites has resulted in turning citizens away from engagement in public debate, while the winners and losers of transition are increasingly evident in a widening socio-economic divide. In three of the Visegrad Four countries, a majority recognises more advantages and opportunities in democracies today than under the pre-1989 dictatorial regimes, but there is an urgent need to win over a reticent public to support the transfer of democratic know-how to the EU’s eastern neighbours and to other countries.” (Bútorová, 10 December 2009)

Unfortunately, there is no room in this paper to discuss the tremendous efforts made by CSOs regarding the issues that are highlighted here for the national and regional level, and it is evident that more needs to be done to develop an infrastructure supportive of civil society and, especially, pro-democracy NGOs whose work is essential even today, more than twenty years after the fall of the Berlin wall.

Legal environment

There is a significant level of variation among countries regarding the legal environment for civil society. In this area structured, conscious, development efforts were made across borders, mostly by the coordination and experts of the European Centre for Not-For-Profit Law, as well as the SEAL Program of the European Foundation Center. Recently, a similar, though less developmental and more coordinating role, has been taken by the EXPERT COUNCIL on NGO Law of the Conference of INGOs of the Council of Europe. It has produced thematic overviews for several countries, including the V4, on laws concerning the legal personality of NGOs, on creating the environment and the conditions for the reaffirmation and the strengthening of the legal status of NGOs following the scope of international standards applicable to their establishment (Expert Council on NGO Law, January 2010).

Beyond this general framework, more specific, as well as broader, legal issues affecting the work of civil society and democracy development are still on the agenda. A law on volunteering, for example, has just been issued recently in Hungary, while the operation and regulation of watchdog activities are still being

11 The project is being carried out with the support of the Europe for Citizens Programme of the European Union, and of the International Visegrad Fund.

worked out. (The Association of Leaders of Local Civic Groups in Poland, for example, focuses on the latter and has created a platform for exchanging experience with organizations from other Central and Eastern European countries through annually organized seminars¹²). Broader issues include the questions of transparency and accountability of public institutions (and of the CSOs themselves), the rights and consciousness of citizens, respect for constitutionality and the rule of law, and mutual understanding and acceptance of people and groups with differences. These are burning issues and many of them are being dealt with by civil society organisations.

Provision of services

The provision of services by CSOs is a growing phenomenon in the region. Civil society organizations in the CEE region generally provide a wide range of services in areas such as healthcare, social welfare, education, environmental protection, youth work, drug prevention, etc. State, local government and civil society relationships are strongest in this area and are also venues for conflict and clashes of views and interests.

A general lack of financial reserves makes service providers especially vulnerable in the case of state cuts or improper cash flow. Without funding, civil society organizations are not capable of continuing their services. This has become especially clear when an organisation could not cope with the funding model of larger state funds and EU programmes (where costs are often reimbursed ex-post, and often late). Governments, although they present CSOs as partners, often view CSO service providers as subcontractors. Many organisations, purely for survival reasons, enter into subcontracting relationships, establishing institutional expectations towards themselves without a real strategy on how to fulfill these expectations, and causing problems to their clientele when there are financial cuts or cash flow problems from the state. Although, civil society organizations are often the only providers of services in some of these areas-- for example, hospices are run solely by civil society organisations and civil society also dominates the provision of drug rehabilitation and HIV/AIDS prevention, etc.-- they often need to broaden their mission in order to be able to receive state support. As there are

12 "Financed from the Batory Foundation and Trust for Civil Society in Central and Eastern Europe." <http://www.watchdog.org.pl/english.php?dzial=1&id=1>

limited alternatives to state funding, the degree of an organisations' dependence on the state is often intolerable.

It is also true that the legal form of a NGO is often used only as a nominal attachment to various state entities to gain tax advantages or ease the administrative burden of state entities, typically among hospitals and schools.

As the countries in question have economic shortfalls and emerging challenges with social safety nets, the role of service-providing NGOs will inevitably grow.

Although the collaborations of CSOs with state entities share many similarities in the V4, there has been minimal sharing of experiences beyond issue-based thematic conferences.

Regionalism

In Europe, there are large number of cooperation examples among several countries on issues of common interest, as well as in cases of cross-border regions. The scope for non-central governments to co-operate across borders has widened considerably in the last decades. To a large degree, this has been a natural process after the fall of the Berlin Wall, but it is also related to the macro-regional integration in Europe and, last, but not least, to the active support of different stakeholders. In this section key stakeholders will be introduced who have invested in the regional cooperation and regionalism of civil society organisations effecting the V4 region.

Among the pioneers of this type of work is the Carpathian Foundation Network, which uses the slogan “Five Nations, One Community” to express its determination towards regionalism in the network of the five independent foundations serving the Carpathian Euroregion in the bordering areas of Hungary, Poland, Romania, Slovakia, and Ukraine. Since as early as 1995, the Carpathian Foundations have supported the development of their diverse and multi-ethnic communities, encouraged local partnerships, and assisted grassroots non-profit organizations and local governments through capacity building operational programs as well as grants amounting to more than ten million Euros over ten years.

In addition to developmental work, there is an unlimited number of topics that activate citizens in the region. If one has not encountered some of these co operational efforts personally, it is enough to leaf through the reports of projects funded by the EU, the European Commission and its institutions, the website of the Open Society Institute, the CEE Trust Fund, The International Visegrad

Fund, the various countries' state institutions, local governments reports, and civil society websites, to name just a few.

Two supra-national bodies: the Council of Europe and the European Union, were important for improving the conditions of cooperation across borders: the Council of Europe has been active in improving the legal situation, while the Commission of the European Union provides substantial financial support to such initiatives. There are official initiatives such as the EUREGIO and the 'Working Communities' in Europe, and many unofficial groupings of regions and regional initiatives¹³. Legally, the cooperation can take different forms, ranging from legally non-binding arrangements to public-law bodies: typically local authorities, and occasionally, third party organizations, such as regional development agencies, interest associations, chambers of commerce, and CSOs. Some initiatives remain strictly ceremonial contacts, others engage in enduring and effective collaboration on a variety of issues.

The states of the V4 have working and funding mechanisms for CSOs to work regionally (e.g. some areas of the National Civil Fund of Hungary). In addition to the nationally available resources, the International Visegrad Fund was founded by the governments of the countries of the Visegrad Group to facilitate and promote the development of closer cooperation among the V4 countries (and of the V4 countries with other countries, particularly, but not exclusively non-EU member states in Eastern Europe, the Western Balkans, and the South Caucasus) through the support of common cultural, scientific and educational projects, youth exchanges, cross-border projects, and tourism promotion."¹⁴ The budget of the Fund (€6 million, as of 2010) consists of equal contributions from the Visegrad Group's governments. The Fund runs the following programs: three grant programs (Small/Standard/Strategic Grants), three scholarship schemes, artistic residencies, and a curriculum-building program for universities. In addition to NGOs, municipalities and local or regional governments, schools and universities, and even private companies and individual citizens from the Visegrad Group countries (and other countries) are eligible for the Fund's support. In the case of small and standard grants, projects supported by the IVF projects, with the exception of cross-border cooperation, entities from at least three Visegrad Group (V4) countries are participating in and organizing activities in a variety of areas of civil life, such as cultural cooperation, scientific exchange and research, educa-

13 Some of them are often referred to as *'Euroregions'* although this is originally a concept with specific attributes.

14 <http://www.visegradfund.org/about.html>

tion, youth exchange, cross-border cooperation and the promotion of tourism or “any field of activity (e.g. ecology, social affairs, sports and leisure, media, etc.)”¹⁵ From sports festivals (e.g. 12th International Table Tennis Cup of Students) to social issues (e.g. Cooperation of Teachers of Hearing Impaired Children), to name a few. The Visegrad Strategic Program is more focused on supporting long-term projects of a strategic nature that link institutions from all four Visegrad Group countries and match the priorities defined by the Conference of Ministers for a given year, and follow the foreign policy priorities of the Presidency of the Visegrad Group; for example: V4 Response to the Decade of Roma Inclusion, Building a Green Visegrad, Sharing V4 Know-how with Neighbouring Regions and V4 Promotion. While small grants add to the better understanding and cooperation of regional actors especially at a grass roots level, the strategic grants result in thorough development of areas of mutual concern (among others: Oral History: Commemorating the 20th Anniversary of the Central and Eastern European Transition; Urbanity: Visegrad City, Self-Reflection and Perspectives of CE capitals; Creating a Sphere of Security in the Wider Central Europe). A specific focus is given to education through the design of the Visegrad University Studies Grant (VUSG) for universities with the aim to promote and support the development and launching of outstanding university courses and programs that deal with issues related to the Visegrad Group countries. A criticism that was often raised in the early years of the fund, namely that there was too much emphasis on regionalism and the V4, seems to have lessened after ten years of operation. It is largely due to this fact that the whole concept of regional cooperation has ripened and that the increasing number of successful projects has proven the value of regional cooperation. The funding model of IVF, i.e. short and medium-length financial funding conditioned by co-funding model in most areas, although often difficult to manage, has also led to deeper rooting of the fund’s mission in the region. The growing number of applications and awarded projects and the rate of successful projects implemented by civil society organizations highlight the fact that more and more NGOs are able to form successfully networks of cooperation within the CEE region.

Some private donors share the vision of regionalism. Among them are the Open Society Institute and its network of institutions, the Trust for Civil Society, the Central European Foundation (showing the variety of scale, function, and method). These private grant-giving organisations continue to make substantial

15 <http://www.visegradfund.org/grants.html>

investments into the development of civil society and encourage cross-border cooperation and collaboration.

The Open Society Institute (OSI)¹⁶ works to build vibrant and tolerant democracies whose governments are accountable to their citizens. The OSI's initiatives address specific issue areas on a regional or network-wide basis. The effect of the OSI's presence in the region will be covered another time, but one cannot question the immense contribution it has made to the development of civil societies and advancing democracies, originally in CEE and, later, globally. Specifically focused on CEE cooperation is the East-East: Partnership Beyond Borders program, which supports international exchanges that bring together civil society actors to share ideas, information, knowledge, experiences, and expertise and to support the practical actions that result from that networking. One of the largest of the Soros network institutions is the Central European University, which is the exclusive beneficiary of a permanent endowment fund that is one of the largest academic endowments in Europe. Its aim is to help the process of transition from dictatorship to democracy in Central and Eastern Europe and Central Asia, to contribute to innovative academic research, progressive higher education, and the development of dynamic, sustainable open society, primarily in the former "socialist" countries. Both the CEU and OSI are regional leaders in thinking, supporting and advising policy initiatives for both social and economic reform, working with local initiatives to strengthen good governance and address challenges as diverse as supporting civil society, independent media, and promoting public health.

The Trust Fund for Civil Society¹⁷ was jointly established by Atlantic Philanthropies, C. S. Mott Foundation, the Ford Foundation, German Marshall Fund of the United States, OSI, and the Rockefeller Brother Fund, to support the long-term sustainable development of civil society and non-governmental organizations in Central and Eastern Europe, including cross-border and regional activities in which they may engage. The CEE Trust expects to allocate upwards of \$75 million toward this aim by the end of 2012. Its geographical objectives are the Visegrad countries, plus Bulgaria, Romania, and Slovenia. Its programme objectives are drawn from a thorough knowledge of the field, focusing on creating a supportive environment for civil society, which includes legal, fiscal, and political environments favourable to a strong civic life; capacity building, advocacy, intra-sector and cross-sectoral cooperation and partnership, and enhancement of the

16 This section is based on information available on www.soros.org and www.ceu.hu

17 This section is based on information available on <http://www.ceetrust.org/>

financial sustainability of non-profit organizations. The CEE Trust awards grants and fellowships to individuals, as well as to in-country projects and cross-border initiatives. The scope and scale of the CEE Trust grant-making activity are determined by the size of its budget for the coming years until the end of 2012, as well as the priorities of the CEE Trust in the relevant countries.

Besides being a grant-giving entity, the CEE Trust Fund has also taken up the role of being a hub for regional civil society energies. Its website, as well as the “Civil Society Forum” and the “Social Innovation Camp CEE” organised by the CEE Trust, are excellent examples of this energy focus. The Civil Society Forum alone has attracted around three hundred participants working for the betterment of societies in Bulgaria, the Czech Republic, Hungary, Poland, Romania, Slovakia, and Slovenia. (Topics of discussion at the event included e-participation in transition democracies, the economic crisis and CEE societies, interaction between civil society and other sectors, how to face a future of post-EU structural funding and cultivating home-grown philanthropy in the region.) From the major interest in and success of the event, it is clear that there is demand for such venues and hubs. As the Trust has a planned lifespan of its own, it remains to be seen how its values would be sustained and if there would be additional donors joining and/or continuing the initiative for the benefit of the same or other regions.

The Central European Foundation is a private, non-profit, grant-making organization, and has strived from the beginning to support the development of the Central European region. Its founders value the natural crossroads of cultures and ethnicities that coexist in a small space in mutual respect. It supports artistic activities and cultural events linking Slovakia with other countries in the region, contributing to the preservation and development of a multi-lingual and multi-ethnic society in the region as a whole. In 2008 alone, the Foundation contributed almost 300 000 Euros to programmes advancing regional and community development and civil society. “In almost 15 years of work by the Foundation, our main mission has not changed. We are still focused on the values and the social and cultural overlap in Central Europe. Over the last few years in particular, we perceive a need to strengthen the role of Slovakia as an integrated and, at the same time, equal partner and neighbour, which is open to its environment and conscious of its own value as a participant in that environment.”¹⁸

As the examples in this paper suggest, there are several cases for collaboration in the area of civil society development in CEE, and there are some, although a limited number, of state as well as private stakeholders supporting regional

18 <http://www.cef.sk/EN/index.php?page=about>

development of and by CSOs. The regional cooperation of CSOs does not stop at the borders of the V4; instead more and more examples show cases in which CSOs from the V4 have cooperated in advancing civil society in other regions. The developmental lessons and techniques for cooperation learnt in the V4 are being made available to other regions to advance civil societies.

Main challenges and good practices of civil society of the Western Balkans

“Did the... Western Balkans become unanimously, once again, the ‘black hole’ of Europe? Not really. One of the main reasons why not is: the emergence of civil society in the midst of the Balkan calamity...in the heart of civil war a civil society was born throughout the region. (Licht, 2009)”

Local civil society, independent media, and many of the churches have traditionally played an important role in anti/war activism, peace building, and democracy development in this region. Substantial development is taking place in this area, to a large extent, due to international agencies, especially the Commission that recognises that „By contributing to a more open, participatory, and dynamic democracy, a lively and vibrant civil society is also conducive to tolerance and reconciliation. The involvement of civil society organisations in the pre-accession process contributes to the quality of and public support for accession-related reforms. A culture of acceptance and an appreciation of the role played by civil society need to be in place to allow civil society organisations to engage in an effective policy dialogue. Public consultation on policy initiatives and draft laws should become the general principle. The access of civil society to government support is frequently hindered by a lack of transparency and poorly developed allocation criteria. The civil society facility helps civil society organisations to strengthen their capacities and professionalism, allowing them to engage in an effective dialogue with public and private actors and to monitor developments in areas such as the rule of law and respect for fundamental rights.” (Communication from The Commission to The European Parliament and the Council, 9.11. 2010)

In the following section the key factors of civil society sustainability of the Western Balkan region are examined.

Financial viability

As the sectors are relatively new, their financial viability is naturally limited, while the expectations regarding their role in the establishment of democracy are very high on the part of citizens as well as international actors.

Unfortunately, there is no proper statistical data available regarding civil society in the region and, therefore, making an accurate judgement in this area is difficult. It is evident that the current economic crisis has hit this region heavily, decreasing international and local donor funding, combined with negative tendencies in state support. As a positive example of a reaction to this situation is Croatia, where state funding of NGOs is more streamlined and the new EU and other regional funding opportunities are opening doors for NGO work.

As part of the EU enlargement process of the V4 countries support was provided by the EU for the establishment and development of civil society under the auspices of the PHARE instrument, while in the Balkans, during the last years, civil society development has been underlined by the European Commission as one of the key priorities of the enlargement policy and, therefore, is a regional benchmark.

Pre-accession assistance is an important factor in NGO financial viability. Its primary objective is to support the countries' efforts to comply with the Copenhagen accession criteria. It is an acknowledged fact that the Commission continues to realize civil society as key priority through support to civil society organizations in form of the Civil Society Facility (CSF). The Facility often finances initiatives at the local level, regional networking, and short-term visits to the EU. Many criticise the design and implementation of the CSF for its minimal attention to demand-driven support to civil society for local civil society actors in supporting their own indigenous efforts; therefore the model developed in Poland years ago in this regard is worth examining. With the Commission reviewing the Facility it is expected that the Commission will better target needs in each country and provide longer-term seed-funding to NGOs.

The major commitment of the Commission puts it in the position of a key, if not the main financial supporter of civil society in the Balkan countries, a position it may or may not wish to occupy. Meanwhile, civil society lands in the position of becoming a channel to gap the missing link to address the internal problems of candidate countries, a responsibility that comes with great potential and a high risk factor.

Although available only to a varying degree, public support from national and local sources to civil society are not unusual in the region. The case of the National Foundation for Civil Society Development (NFCSD) in Croatia is an often-cited

positive example of a public funding entity with a broad mandate to promote and develop civil society in the Republic of Croatia. It is a public, non-profit entity established by the Croatian Parliament and acts outside the structures of state and local administration. In addition to providing a range of capacity-building assistance to CSOs and conducting research on civil society, the NFCSD has become a major grant-making facility¹⁹. While public contributions do exist, private giving by companies and individuals is very limited. Although there are some national projects aimed at the development of this area (awards to corporations and individuals who have generously supported charitable causes and training programs in CSR) there is much room for improvement and lessons learned from other countries could be valuable here.

The high amount of EU-related and other international donor funding is expected to reach a plateau, then drop in the coming years. This will inevitably propel competition among NGOs, forcing many NGOs to close and the sector to weaken if public support mechanisms and regulations, as well as local resource mobilisation techniques, remain underdeveloped.

There is still time to develop instruments and mechanisms that will assist with resource development for civil society issues. It is an investment that could have a long-term positive effect.

Organizational capacity

The civil society sector of the region is not yet consolidated regarding its organisational capacity; there is a lot of room for development in the capacity building of organisations across all areas of the sector. The Commission, in its Enlargement Strategy of 2007, expressed that it considers that developing the capacities of local actors - so that they can play an important role in the decision making process and be an equal partner in the civil dialogue process - is an essential part

19 Its main source of funds is the state lottery, but it has also received support from the state budget and a number of foreign donors, including USAID, DFID, the European Commission, and the Charles Stuart Mott Foundation. In 2008, its annual income amounted to 46 million HRK (approx 6.3 million EUR), of which 43 million HRK was provided by the lottery. In 2008, the NFCSD disbursed 22 million HRK (approx 3 million EUR) in grants issued by public calls for proposal. Source: www.balkanncsd.net/component/content/article/47-croatia/420-ii22-state-funding-central-local.html+NFCSD+Program+of+Decentralization+of+Grants+for+Civil+Society+Development&cd=4&hl=hu&ct=clnk&gl=hu

of CSOs in the enlargement process; therefore development of civil society and civil dialogue in the Western Balkans became one of the key reform priorities for the accession of the Western Balkans countries. There were four main reasons for civil society development and civil society dialogue to be prioritized according to the Strategy: strengthening support for reforms; strengthening democracy and functioning democratic institutions; anti-enlargement fatigue measure, and ensuring public support for enlargement.

The strategy requires a strong organisational capacity, which is in mid-transition in the region. The Civil Society Facility (CSF) was created under the Instrument for Pre-accession Assistance (IPA) to help support implementation of the policy goals set in the Strategy. More concretely, according to the Strategy, the CSF was established to help CSOs strengthen their capacities and professionalism, allowing them to engage in an effective dialogue with public and private actors, and to monitor developments in areas such as the rule of law and respect for fundamental rights.

This would be a major boost to organisational capacity development in many countries and, if used well, could generate lasting change. It is unlikely that the region is to receive any major boost in its organisational capacity in the near future and it is hoped that the resources will be used to assist organisations face the tasks ahead of them.

Public image, advocacy

A striking difference between the V4 countries' and the Western Balkan's civil society is the high level of advocacy and policy work of the Western Balkan organisations, an especially vivid difference when it is juxtaposed with the level of development in other areas of sustainability. The NGOs of the Western Balkans are active in national and international advocacy, lobbying, and watchdog efforts; activities that are still not the strongest areas of organisations in the V4 countries.

In many of the Western Balkan countries representation of NGOs in the national and EU accession-related policy making is very visible.

The priorities set by the EU in the enlargement countries are pushing the governments as well as CSOs in the direction of mutual understanding and engagement. The Commission's attention is very much on the involvement of CSOs and other stakeholders in policy-development and the decision-making process. Partly for this reason, partly because new governments implement new

policies, and sometimes due to demand from civil society, governments are more frequently equipped with strategies for NGO-Government cooperation. They tend to have offices for civil society matters²⁰ and also have already developed instruments for engaging civil society in policy development and dialogue. In Montenegro, for example, NGO representatives sit on the managing board of the public service broadcaster, the board of the National Commission for the Fight against Corruption and Organized Crime, and on an important parliamentary committee on EU integration. At the same time, the fact that organisations may face government hostility for raising independent voices (as was the case last year in Montenegro) and government hostility (as was the case in Macedonia) shows that there is still room for advocacy to develop the relationship between the state and the third sector.

Regarding state and NGO relations, there is much cooperation and mutual learning going on across borders in the Western Balkans. To assist this exchange, the Balkan Civil Society Development Network for the first time has compiled a database that provides complete information on the state of civil dialogue in the Balkan countries. The data include information on the legal framework, current situation, history, and concrete mechanisms and structures that exist in ten countries (7 pre-EU and accession countries and 3 Balkan EU Member States).

However much it is appreciated that the frameworks for civil dialogues have been established, critics still argue that implementation of the partnership principle has not yet been made full use of, that the consultation processes still need to be more content-oriented and less formal, the decision-making processes better designed and voices not only listened to, but also heard, so that this process of engagement and advocacy becomes a beneficial process of exchange on problems and solutions.

Infrastructure

It is generally true that in many countries of these regions knowledge about the state and the shape of civil society is limited. Although there are two major benchmarks: the NGO Sustainability Index of USAID²¹ that focuses on each country of

²⁰ For concrete list go to <http://balkanncsd.net/policy-research-analysis/civil-dialogue/national-level/338.html>

²¹ The annual NGO Sustainability Index is the Bureau for Europe and Eurasia's premier instrument for gauging the strength and continued viability of the region's NGO sectors. The Index analyses seven different

this region, and the European monitoring instruments, though they are limited in their scope due to the lack of available systematic information on CSOs and the civil society sector. When discussing and reflecting on the current state of civil society and the challenges it is facing there is a need for quantifiable, objective data from a valid source.

It should be added that it is also true that active, experienced NGOs publish information about themselves, and the number of annual reports with financial statements is increasing, but they remain only a fraction of the sector. The efforts made towards better serving the public with information and developing transparency have been highly praised (e.g. 200-plus member NGO Coalition “Together towards the Goal” fulfilling pledges made under the NGO Code of Conduct in Montenegro (The 2009 NGO Sustainability Index, 2010)) but further efforts need to be made to advance the transparency of individual NGOs and the data availability of the sector as a whole in order to face the job ahead of civil society.

The infrastructure of individual NGOs has developed in the recent years. In addition, there are local resource centers promoting the sector and providing capacity building services for organisations, often gapping the bridge between the different sectors. The V4 experience shows, however, that when these centers rely on foreign donations, they may not always be flexible enough to truly respond to the needs of their constituency, and when donors depart, so will the less responsive resource centers. However, others that can develop new ways of knowledge development for their sector will continue to exist, often taking upon new and more sophisticated roles serving the whole of the sector.

Most of the organisations of the region are technically equipped to the level of their needs, basics like telephone lines and computers are a part of daily life. What all of the countries are struggling with is retaining a well-qualified staff when foreign donors are depart. Data on the number of full-time employees and salaries are barely available, but estimates suggest that they are limited in number.

dimensions of the NGO sector: legal environment, organizational capacity, financial viability, advocacy, public image, service provision, and NGO infrastructure. Taken together, these dimensions provide a basic description of what a sustainable NGO sector should look like. Individually, these dimensions provide Missions, implementing partners and other international donors with a reasonable measure of impact over time, and a basis for identifying both needs and opportunities in a strategic planning process.

Legal environment

Although, there is still some criticism regarding the NGO legislation in Kosovo and the tax code in Albania, overall the countries of the region have improved the legal and financial environment in which CSOs act. This type of development is due to major efforts on the part of national and international actors who have put resources into developing suitable legislation (often using the expertise of the European Center for Not-for-Profit Law). Several expert visits were organised and books were published on the freedom of association, on state responsibilities, on nonprofit legislation, and on the legal aspects of volunteerism. Some of the materials provide general useful information, while others are targeted to specific countries and issues. There has been some development in the area of respect for the rule of law and there was a visible increase in NGOs using all of the legal tools at their disposal (access to legal information and the various legal processes) to force the government to be more accountable, open, transparent, and responsive.

Provision of services

Revenues from related or unrelated economic activities tend to be low in the region. Also low are the amounts that come from contracts signed by NGOs and state or local government actors for services the NGOs provide. Meanwhile, in the V4 there are all kinds of mechanisms for subcontracting practices in the V4 when NGOs carry out work that traditionally is the responsibility of the state or local government, or even provide revenues for services that have not traditionally been the responsibility of state. Examples include new services (like the collaboration of the State Health Budget of Hungary and the Hungarian Hospice Foundation for the home care of cancer patients), and old ones, like schools run by NGOs in several countries of the V4. In this area there is much room for development in the Western Balkans and there is plenty of experience available in other regions of Europe.

Regionalism

Some argue that, due to the nature of the region, classic, country-by-country development will not necessarily be the best way forward with civil society development, and instead a regional approach is recommended. An excellent example for regional thematic development is the Balkan Civil Society Development Network (BCSDN). It is a network of 12 civil society organizations from 9 countries and territories in South East Europe (Albania, Bosnia and Herzegovina, Croatia, Kosovo, Macedonia, Romania, Montenegro, Slovenia, and Serbia) launched in December of 2003 with the aim of empowerment of civil society in the Balkans through sharing and developing local practices, concepts and strengthening civil society actors. Among their goals are: “to increase the role of civil society by strengthening its voice in policy- and decision-making on a national, regional, and EU level; strengthen communication, coordination, and cooperation between civil society actors in the Balkan region; promote civil dialogue between civil society actors, state institutions, and the European Union in order to influence public choices; develop civil society by increasing knowledge and skills of civil society actors as a base for higher quality of their work; and promote intercultural dialogue and a culture of resource-sharing as a basis for efficient exchange and networking.”²² Their events and policy papers speak for the region and serve a broad constituency.

The Balkan Trust for Democracy (BTD) is another excellent example of regional efforts making a lasting change. It is founded for 10-years (\$36-million) as a grant-making initiative that supports democracy, good governance, and Euroatlantic integration in Southeastern Europe. This award-winning public-private partnership was created in 2003 by the German Marshall Fund of the United States, the United States Agency for International Development (USAID), and the Charles Stewart Mott Foundation. In addition to country specific issues, it gives regional grants to organizations promoting the benefits of a pan-Balkan network.

Viewing the cooperative nature and output of their work, one wonders whether the working model developed in this region could be used for other sectors of civil society and other regions in development.

²² <http://balkancsd.net/about-us/vision-mission-goals.html>

Civil society of the EU's Eastern Neighbourhood

In 2009 the Eastern Partnership of the EU was joined by six countries: Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine as an expansion to the former European Neighborhood Policy. The composition of the region is highly diversified in terms of the size and power of its countries, their governance, their economic and financial structures, and human development indicators and, consequently, their civil society development is very different too. Among the three regions discussed in this paper, the weakest civil societies are in the Eastern Neighborhood countries. Cultural and historical factors aside, socio-economic factors also play an important role in determining the level of development. Comparisons of three types of countries –post-communist, post-authoritarian, and old democracies- show that the previous impact of Communist rule has the most negative impact on civil society. (Raik, February 2006).

Many have hoped that the EU will bring about important changes in many areas, among them the development of civil society, but in most cases these hopes remain to be realised, still leaving a lot of room for civil society development in the region.

The development of civil society in the Eastern Partnership region will be examined using the framework of key areas of sustainability.

Financial viability

„As a rule, the existing NGOs are financed by Western governments or private donors. Local charitable foundations only tend to offer support to those NGOs that make no call for government transparency or accountability. These are „peaceful” civil associations that operate in the cultural, educational, and healthcare sectors. (Bystrytsky, 2009)”

Only financially viable organisations that are capable of building institutions with independent voices can present the opinion of citizens in the long run and also provide shelter to equality-minded activists, if needed, and be prepared to protect citizens who have different opinions against the state's power. Only financially viable organisations can provide much-needed services in areas neglected by the state and develop support mechanisms for the marginalised. Financially viable organisations drive innovation and are willing to take risks for the sake of innovative solutions to societal challenges. Therefore, financial viability is a key area of

development. It is quite unfortunate that the region has developed mechanisms that generate local resources only to a very small degree. All the areas of local resource mobilisation (self generated income, private giving, as well as state contributions) are in need of substantial development.

Throughout the countries where they operate, the Eurasia Foundation Network partners are leading the change to assist local corporations with their understanding of social responsibility. Focused corporate social responsibility (CSR) of the network aims to mobilize local sources to support civil society and expand the pool of donors in these countries beyond international governments and foundations. For example, the CSR development efforts of the East Europe Foundation²³ operate a diverse array of projects in Ukraine to develop corporate social responsibility practices and are noteworthy, as they have been able to develop mechanisms for delivering the message of corporate responsibility to an immense number of businesses and build a better environment for the development of philanthropy in Ukraine by promoting legislation for charitable organizations and businesses that support charitable activities. Unfortunately, by 2010 there had been a downturn even in those countries where, earlier, relative success had been reported in the area of private giving. Government support has been cut across the region and many international donors are also decreasing their funding.

There are still several international agencies and donors who are continuing their commitment to the development of the region (e.g. USAID, Council of Europe, OSCE, the Black Sea Trust for Democracy, the SIDA, the Dutch Matra program). A leading private entity, the Open Society Institute, has increased its aid funds, as a reaction to the financial crisis, by setting up an emergency fund. The Eurasia foundation, supported by the United States Agency for International Development (USAID) and other public and private donors, remains active in the region.

Only a small percentage of the total assistance of the EU has been given to democratisation and civil society. The main instruments for supporting civil society have been the Tacis-based LIEN (Link Inter European NGOs) Programme, its successor: the Institution Building Partnership Programme (IBPP), and the EIDHR. While the purpose of LIEN and IBPP has been to interlink European NGOs with local civil society, the EIDHR has taken a more thematic approach, offering support to NGOs active in the areas of human rights, democratisation,

23 Since 1994, Eurasia Foundation has awarded several thousands of grants in the region. Additionally, the Foundation created new local organizations, like the *New Eurasia Establishment* (NEE) and the *East Europe Foundation* (EEF)

and conflict prevention. The sector is still learning how to make the best use of the resources available from these sources.

Organisational capacity

Without major investment, the organizational capacity of civil society is advancing only very slowly.

Organisations often report that their existence is project based, and it is hard to maintain offices and qualified personnel. An important factor in organizational capacity is the number of people in paid and unpaid positions. In Azerbaijan, for example, one of the countries where state statistics are available, it is clear that there are a huge number of organizations that work without being registered entities, a very typical phenomenon in the region. At the same time, in this country, due to legal reforms, there has been growth in the number of organizations that decide to be registered. By 2010 there were 2500 registered organizations recorded by the Ministry of Justice. Major growth has been registered in the number of employees, to the level of tripling the number of full-time employees between 2004 and 2010 (from 1390 to 3979) (The Council of State Support to NGOs under the President of the Republic of Azerbaijan, 2010). The national state report itself is skeptical about the reality of these numbers and states: "Another problem with NGOs is the passiveness of some of the registered NGOs. Some NGOs were registered, but they do not actually operate. Such cases show that the total number of NGOs taking part in the solution of the problems of society and the development of civil society is about 801."²⁴ Azerbaijan is also proud of the high number of volunteers active in civil life. Unfortunately, neither in this country, nor in other countries can we really know what proportion of volunteers work as volunteers, because the organization is unable to pay them and, very often, they would much rather be paid than doing volunteer work, but this decision is not theirs, and must be made by the financial circumstances of the organizations. (It is not unusual for project personnel to work as volunteers due to a lack of resources, to have unpaid accountants doing the books due to a lack of administrative funds etc.). This type of "volunteer" activity is typical in resource dry countries such as those of this region.

24 pp.35. *The Council of State Support to NGOs under the President of the Republic of Azerbaijan, 2010*

Many report that the financial situation of citizen-based civil society is even worse than statistics show, as the intermediary space between state and citizens is often occupied by CONGOs in this region, while independent, genuine civil society has retreated into a form of dissidence (Forbrig, 2009) with hardly any resources available at their hands. In addition, there are some organizations that are well known in the international donor scene and therefore receive a lion's share of foreign funding and employ well paid staff, often to the envy of other organizations and citizens. The situation of civil society is even worse in the countryside, as not only numbers but also resources are very limited there.

Most of the countries of the region have some type of training for NGO personnel (often supported by foreign donors), but human resources development at the university level is scarce, as are the books in local and minority languages on NGO management issues. This has become a major obstacle at times when making use of EU resources has required top management skills.

Public image and advocacy

Efforts have been made to promote the people's involvement in the civil sector in order to more effectively solve community problems. Ukrainian civil society, due to systematic efforts, is at a relative advantage in this regard when compared to some other countries in the region. Nevertheless, even in the Ukraine, the National Employment Center claims that only 3.5 percent of youth would work for an NGO (The 2009 NGO Sustainability Index, 2010). As long as NGOs remain uncompetitive in the labor market, due to project based (often lasting only some months) and low salaries, the sector will continue to have a mixed public image (to say the least).

The openness of NGOs to cooperate among themselves and with other sectors is reported to be gradually increasing (this is especially true for issue-based organisations), often resulting in joint advocacy work, but lasting collaborations based on recognised interests of the parties are rare. The tasks for advocacy groups are immense. "Accountable and transparent decision making processes where good governance is the rule of thumb are also brought into question as are independent, impartial, efficient, and effective judiciaries. Likewise an independent media free of intimidation, the need for vigorous civil society organisations, and the

influence of interest groups are issues of concern.”²⁵ Although in existence to some extent (e.g. National Forum of NGOs and the National Council of NGOs in Moldova), proper advocacy for the whole of the civil sector is rare. When present, it is often successful. In Armenia, for example, NGOs were able to turn the Freedom of Information Law draft into a progressive piece of legislation by working in close collaboration with the National Assembly and Ministry of Justice. (The 2009 NGO Sustainability Index, 2010).

Successes like this one make the observer optimistic about the prospects of bottom up approaches. The lack of such efforts is a major disadvantage that slows development.

Still rarer are cases of interest-representation on the regional level. The Eastern Partnership region cannot be compared to the Western Balkans in this regard, where concrete steps for regional collaboration have been made. The EP’s priorities and needs still remain to be articulated. This should be a priority on the task list of the different actors to produce an agreed vision for the future and arrange the necessary coalitions to benefit the region.

Infrastructure

Infrastructure, and especially civil society infrastructure has traditionally been more underdeveloped in this region in comparison with the other two regions.

As CSOs are young, their existence is fragile in support and structure. There have been investments made (mostly by foreign donors, like USAID, UNDP, OSI, EU) into the NGOs physical infrastructure in most of the countries of the region. Models are available for development in this area, like the intermediary support organizations (ISOs) in Armenia, which provide quality services. It is not yet proven whether the infrastructure is sustainable, as local resources are rarely visible behind such development.

Although there are more and more efforts being made for sector-based networks and capacity building and infrastructure development of such entities, strong, cross-sectoral umbrella networks with infrastructure services on a national level hardly exist. This limits the sector’s ability to speak and work effectively using its full potential in-country as well as regionally. CSOs and a variety

²⁵ pp.35. Mustafa Aydın, *May, 2010*

of stakeholders, including national governments, need to work further on building the capacities of the sector.

Legal environment

Though in the Western Balkans NGO legislation has been developed, in the Eastern Partnership this is not always the case.

In Belorussia, for example, the government exercises strict control over NGOs, imposing criminal liability for participating in the activities of unregistered organizations, while in other countries, like Azerbaijan, success is recorded in improving NGO legislation drafts as well as the legal environment for volunteerism. Although inviting NGOs to participate in the discussion of new policies and laws and to organise public consultations is not yet the norm, it is also not unprecedented. This is an area where development is easily measured and governments are made accountable by NGOs. In this area there is experience with assisting development both in the West Balkans and in the V4.

Provision of services

The provision of services by civil society organisations is not an unusual practice in the V4, while revenues from related or unrelated economic activities, from contracts signed by NGOs and state or local government actors for services provided by NGOs are scarce in the Western Balkans and even more so in the Eastern Partnership countries. The recognition of mutual benefits for services outsourced to NGOs by state actors are still to come and, therefore, the mechanisms for such financial structures rarely exist. In this area there is a lot of room for development in the region, and there is experience available in other regions of Europe. This is especially important when one considers the effect of the revenue generation potential of service provision.

Regionalism

Although many recognise that a major drawback is an across-the-board lack of political support and understanding, within the region and internationally, of the already existing processes of regional cooperation, there is some hesitation, even among civil society leaders, regarding regional cooperation.

Pragmatic action is needed and is asked for by many international actors. There are some actors who promote regional cooperation and good governance in the region. Among them is the Black Sea Trust for Regional Cooperation, a public-private partnership providing grants to indigenous organizations working to foster and strengthen regional cooperation, civil society, and democratic foundations in the Wider Black Sea Region, seeding the development of a thriving civil society and a cohesive regional identity that bonds the countries of the wider region to each other and to the countries of the transatlantic community (the Black Sea Trust for Regional Cooperation).

It is also hoped that the attention promised by the Polish government, i.e. that this region will be one of the main priorities of the EU's Polish presidency in 2011, and that it will force the Eastern Partnership to the top of the agendas of both the 'Visegrad' group (Poland, Hungary, Slovakia, and the Czech Republic, and the so-called 'Weimar Triangle' group – a cooperation between Poland, Germany, and France) and will bring about fruitful results in the development of the region. Meanwhile, it is often expressed that success requires a change in the mind-set of policy makers to comprehend the value of regional approaches to policy making (Mustafa Aydın, May, 2010), with a strong emphasis on the leadership role civil society leaders could take.

Recommendations: areas in need of development

Civil society development has been crucial to the democratic transition for the last twenty years. It can be agreed that, over time, civil society has built an intermediary space between private interests and the state, to varying degrees in the three regions. It is true that civil society sectors were established after 1989 and have since gone through major development, but there is no doubt that there is still room for development in all areas of sustainability.

The Eastern Neighborhood is the region where the lessons of the other two regions will be most valuable, while the Western Balkans are likely to learn some

valuable lessons from the V4. It is also recognised that there are certain experiences that are worth sharing among all three regions.

Related recommendations:

1. Measure success

Although there are some benchmarks for civil society development in use in the region (USAID NGO Sustainability Index, CIVICUS Civil Society Index), states themselves rarely make it their own responsibility to develop systems to measure successes and benchmark them. Data on civil society is scattered and information is rarely recorded. At the same time the experience of the countries in the V4 (like Hungary) shows that systematically collected data on civil society is a must for proper policy development. There are models available in the V4 for this type of work, as well as globally, like the UN Nonprofit Handbook Project.

2. Develop lasting instruments and mechanisms for beneficial civil society and state relationships

a. The states of these regions are starting to take civil society more and more seriously. This is partly due to the fact that the EU is requiring it, and partly due to the true recognition of the contribution civil society has made to a functioning democracy and the life of citizens. It is time to establish lasting mechanisms for public participation, i.e. the involvement of citizens in decisions on spending public money from the EU or local funds; the lasting involvement of civil society in policy decisions. There is relevant experience both in the V4 (e.g. Poland) and the Western Balkans and, to some extent, in certain countries of the Eastern Partnership. There is also available experience and infrastructure for recording and sharing experiences on a regional level (e.g. the civil dialogue) in the Western Balkans.

b. Consider the variety of ways that states can promote NGO sustainability including, but not restricted to, direct state support. There is experience in the V4 countries in this regard.

3. While foreign attention and financial contributions are available, make the best use of them, but be prepared for their decreased availability .

a. Heavy reliance on foreign support for the NGO sector is not the best strategy. States and local governments need to be more active in providing financial support to NGOs from their own resources (e.g. via funds for NGOs, contracting out for services, etc.) and also need to consider ways of indirect support. There are models available throughout the V4 for this.

b. Consider the feasibility of models regarding local resource mobilisation available in the V4 (e.g. percentage giving, foundation investment funds from Czech privatisation resources, community foundations etc.) and con-

- tinued exchange of information on creative solutions for resource development, as all the three regions badly need it.
- c. There is a need for systematic training and education services for civil society organizations and personnel. It is especially important to raise the level of administrative skills so that the financial absorption capacities of organizations are up to EU standards (so that organizations can attract and manage larger amounts). There are accredited training courses in the V4 as well as university education in this area.
 - d. Develop one-on-one relations between organizations and individuals of the civil society sectors of the regions.
4. Use NGOs as peace builders and change makers in regional development
 - a. Encourage an exchange of information and cross border cooperation via developing networks on different issues, e.g. EU monitoring, ecology, local development etc.
 - b. Promote the development of closer cooperation among the countries of the regions and strengthen the ties among people in the region. There is a model in the V4 that does exactly this via grant giving to different issues through a joint fund. Examine the model of the International Visegrad Fund for implementation in the Western Balkans and the Eastern Partnership
 - c. Based on the some successful advocacy work in the Balkans, broaden the thematic and geographical scope of this work and involve broad constituencies
 5. Recognise and celebrate the role of individual people's contributions to civil society development. Such people do exist, and most deserve recognition.

There are a limited, well definable number of stakeholders who work to advance civil society in these regions. Besides local and international NGOs, active private donors, national and foreign state entities, as well as international bodies, like the Council of Europe and the European Union, have been important actors in this field in all three regions. These actors have shown commitment to the development of these regions and have a high sense of responsibility in advancing this work. The V4 countries have also expressed their commitment by targeting some of their democracy assistance resources in these regions (Kucharczyk-Lo-vitt, 2008) but its geographic and thematic focus remains to be more concentrated.

Conclusions

The previous impact of Communist rule has negatively affected civil society in all three regions mentioned in this paper, and some have had to live through periods of war and autocratic regimes. The development of civil society after 1989 has been faster in the V4 countries due to internal and external factors, and there is much hope that a similar scale of development will come to the Western Balkans and the Eastern Partnership countries as well.

The V4 and the Western Balkan countries have developed their legal systems relatively quickly and the countries of the V4 have set up some (although not enough) mechanisms to advance the institutional and financial well being of organisations. Although, to different extent, the financial sustainability of the civil sectors is a key challenge in all three regions. As many of the current foreign funding opportunities have a fixed lifespan, solutions for long-term sustainable mechanisms for securing financial sustainability of the third sector still need to be prepared, especially in the Western Balkans and the Eastern Partnership countries. Meanwhile these regions also need to be prepared to be able to successfully absorb the “European” resources that, if used well, can be a major boost not only to the well-being of some organizations, but also for the general development of the whole sector, including infrastructure, organizational capacity, state-third sector relationships, and the entire set of European values. Preparation for EU accession spurred some major developments in the V4 and, if they are well prepared, a similar, if not more vivid, development is about to be realised in the Western Balkans, while in the Eastern neighbourhood the real change remains to be seen.

A stable environment can be good soil for nurturing indigenous civil society organisations that reflect the needs of their communities and are embedded in them and can rely on financial support from local sources and volunteer efforts of the local community. As some pioneering engagements suggest in other regions -- among them the V4, the Baltics, and the Western Balkans -- there is a receptiveness as well as an already functioning cooperation to think and act more as a region. It is recommended to generate as much as possible a ‘clearing house’ of opportunities to share regional experiences and to provide a wide array of networking opportunities within and among different regions for macro and micro level issues equally.

To be able to do this, stakeholders need to understand their role and to decide to set up institutional structures to advance those issues. In addition to supra-national entities and private foundations, the states of these regions have a special role to play in advancing civil society in their respective countries and regions for the benefit of the whole society.

GENERAL SUMMARY OF THE PROJECT

On 26-27 March 2009, a **Preparatory Expert Meeting** was held in Budapest to examine in detail the context in terms of regional co-operation in two directions of strategic importance not just for the Visegrad Countries but for the European Union as a whole. Decision was made on the project objectives, procedures, and the applied methodology and workshops were planned to be organized around regional clusters constituted by cross-cutting issues. The key target stakeholders (Regional Cooperation Council, GUAM Secretariat, CEI Secretariat, Ministry of Foreign Affairs of Hungary, the representatives of the target countries, civil society stakeholders) were successfully engaged and informed about the project.



The **First Interregional Workshop** on regional security and confidence-building was held on 28-30 October 2009, in Kiev. The objective of the event was to present the Visegrad perspective and experiences on regional security and the role of regional co-operation in confidence building, to analyze the challenges and opportunities in the two regions, and to develop project ideas for further co-operation in this field within and among these regions.

Firstly, the factors reinforcing Visegrad co-operation were defined and it was stated that it is a common interests of all Visegrad Group countries to promote a stable and safe neighborhood by assisting those states concerned in getting closer to Euro-Atlantic integration. The delegates of the Hungarian Presidency of V4 of that time introduced the joint achievement of V4 and emphasized the importance of further co-operation. Secondly, according to the discussion of EaP-GUAM Working Group Session, the areas of co-operation with other V4-GUAM partner countries like Poland and Czech Republic are energy security, transportation, education, environmental protection and sharing of experience in EU integration matters. Thirdly, the Western Balkans Working Group Session, the region makes considerable efforts to overcome the inter- and intra-state challenges, to improve security in general and to stabilize the region of the Western Balkans. One of the most important issues is that the recognition of Kosovo's independence created frictions between Serbia and countries in the region which recognized Priština. Therefore, as security challenges are becoming more complex, the need for coordination both on the regional level and also with regard to specific countries is paramount to achieve the desired objectives.



The **Second Interregional Workshop**, held on 10-12 March in Tbilisi, focused on economic co-operation. The objective of the workshop was threefold. First, well-defined achievements and lessons learned of Visegrad economic co-operation in the context of EU integration and membership were presented. Second, in two parallel working groups participants analyzed the applicability of these experiences in light of current economic challenges and opportunities in the Western Balkans and the GUAM countries in selected policy areas of trade, foreign direct investment, and energy. Thirdly, the idea of a regional development bank was also discussed, which can be used to finance development projects and also channel remittances as a major source of financing in the

The most significant ideas for initiatives involved the establishment of a data bank which could provide a database of business opportunities and an up-to-date directory of regulations related to business activity and a collection of information on barriers for businesses in the existing legal framework and / or in the implementation of existing laws and regulations. Suggestion about the establishment of a regional independent research center dealing with key economic issues was also made. The concept of a Regional Business Forum, which could contribute to the fostering of economic relations between countries in the region, was proposed as well. The project idea of a Project Development Fund to finance pre-feasibility studies and Feasibility Studies of GUAM project ideas was proposed by GUAM.



The **Third Interregional Workshop** was held in Chisinau, on 24-26 June 2010, and aimed to present well-defined achievements and lessons learned of cross-border co-operation (CBC) within the V4 countries and the role of CBC in strengthening regional cohesion, good neighborly relations, and EU integration. The participants analyzed the applicability of these experiences in light of current challenges and opportunities in the Western Balkans and the Eastern Partnership (in particular GUAM) countries. For non-EU countries cross-border co-operation is a valuable instrument for promoting European integration processes, as well as a useful mechanism of co-operation for achieving common goals in both sides of the border.

The following three main aspects of CBC were identified as problem areas: the role of states and local governments in CBC, financing and co-financing of CBC and the impact of regional initiatives on CBC and vice versa. Furthermore, according to the remarks, specific attention should be paid to the following aspects: legislation, decentralisation, transparency in decision-making, good relations with neighbours, and relations between the state, local governments, and civil society organizations. As regards financing and co-financing, states as such should be interested and involved in the financing. It should be also considered, that regional initiatives have great impact on cross-border co-operation. In this regard, the Western Balkans still faces a problem concerning the lack of indigenous and efficient regional initiatives.

The participants from Western Balkans emphasized that the success of the CBC initiatives in the region is challenged in addition by factors such as Kosovo's declaration of independence and Serbia's non-recognition of it, the poor economic and social conditions in border regions in comparison with the central towns and regions or the tensions between ethnic groups in the border regions. All participants underlined the vital role played by non-governmental organizations in initiating cross-border co-operation and promoting confidence building measures, thus creating appropriate conditions for starting full-fledged cross-border co-operation projects in different fields.



The **Fourth Interregional Workshop** was organized on the issue of the role of civil society organisations in regional co-operation on 17-19 November 2010, in Sarajevo. First, ICDT presented well-defined achievements and lessons learned of Visegrad co-operation in the field of civil society in the context of EU integration and membership. Secondly, participants analyzed the applicability of these experiences in light of current challenges and opportunities in the Western Balkans and the EaP countries in selected policy areas. Finally, the discussion in working groups focused on identifying common solutions, best practices and recommendations for further co-operation among these regions and civil societies or within them.

The participants the workshop all agreed that a strong and well functioning civil society is a core element of a democratic society and has an important role in expressing the citizen aspirations by encouraging their participation and raising awareness for their needs, demands and rights. The main weaknesses of the non-profit sector are its financial viability, the public image and perception of the organisations, the transparency of organisations and decision making mechanisms, the independence of the sector, and also its absorbing capacity of substantial financial opportunities. The participants have expressed interest in know-how exchange with the V4 countries in the areas of civil society and state relations, civil society development strategy, development of private philanthropy, involvement of national and ethnic minorities of the region in civil society, etc.

Discussion took place regarding the applicability of the International Visegrad Fund in case of Western Balkans as the Fund may serve as an exemplary funding initiative for the region. The most important advantage of the Fund, beyond generating resources from national governments for civil society issues, is its creative application of regional and local perspectives. ICDT has expressed its commitment to these ideas by offering the facilitation of the drafting of a feasibility study where the need for involving actors from the governmental and non-governmental sectors on local, national and regional level in this process is clear.



The **Closing Conference** of the project was held in Budapest on 10-11 March 2011. The participants of the conference, who represented 19 countries, took part in multiple plenary sessions. The sessions covered all of the subjects of the earlier workshops, such as regional co-operation in promoting security and stability, transferable experience in regional co-operation, best practices and innovations, and the role of economy in regional co-operation. Furthermore, two workshops were also held to discuss the ideas of two regional funds for civil societies in the Eastern Partnership countries and the Western Balkans.

As regards security and stability, the European integration of Moldova, enlargement, transparency, democracy, and the need for more effective instruments were identified as main challenges of the EU's Eastern Partnership Policy. The importance of the role of inter-governmental co-operation, Eastern Partnership, European integration in fields such as energy, infrastructure, free trade and cross-border co-operation was also highlighted. The growing importance of the economic co-operation is emphasized by the fact that as for EU and Eastern Partnership countries, economic integration together with economic convergence to EU and WTO standards is becoming more and more significant in the mirror of several projects such as Nabucco. In connection with regional co-operation, the significance of the example of the V4 co-operation and the opportunities meant by GUAM framework were underlined. Among the best practices and innovation the Border Dialogue Project, the Hungarian practices on cross-border co-operation, the activity of the Balkan Civil Society Development Network, and the Dniester/Nistru Euroregion project was presented.



In conclusion, this project was designed and succeeded in involving a large representation of people from all regions and political, economic and societal backgrounds. All workshops had a selected list of invited guests, some of them as speakers on the particular topics related to the core theme of the workshops. Having a pre-workshop document distributed to participants called; “food-for-thought” not only informed the participants with general description of the particular topic but on the other hand provided light on the particular issues in the region. If one reviews all of the lists of participants, it can be detected that for each workshop the invited guests were representatives with political positions and/or economic and social positions. They had the ability to make decisions and influence changes in their field of work and in their country. There was a regular representation of members of V4 countries whose role was to share their experiences and reflect on the changes which occurred in the Visegrad countries on the way to becoming members of the European Union. Most of the participants in these workshops had multi-level expertise to share, based on their achievement in their fields and careers.

The most significant achievement of this project was to bring together people from three different regions to tackle four significant issues which could stand in the way of economic growth, regional security, border crossing and growth of civil society.

The key words were during all workshops; cooperation, sharing experiences, democracy building and assistance. The presentations not only provided facts but looked at alternative solutions and offered assistance. Representatives from countries who shared common problems finally offered joint cooperation aiming for practical solutions.

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STRATEGIC AND SECURITY STUDIES GROUP

The International Centre for Democratic Transition (ICDT) is a non-profit organization based in Budapest, which collects the experiences of past democratic transitions and shares them with those who are determined to follow that path. Instead of promoting democracy in general, the ICDT sets more concrete and pragmatic goals, concentrating on democratic transition as a process. The Centre strives to show how dozens of young democracies have made and are making the transition, so that those who set off on this difficult journey from dictatorship to democracy in the future may learn from the successes as well as the failures.



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