


# **EU-27 WATCH**



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# EU-27 Watch

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## On the project

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

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

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**Croatia****Van Rompuy received more attention than Ashton**

Senada Šelo Šabić\*

*The Council President received media attention with regard to Croatia's accession negotiations*

The media describes Herman Van Rompuy as a discrete and skilled compromise developer. In his own words, he “would perform his duties discretely, would search for consensus and would respect the specificity of each member state.”<sup>1</sup> Vanja Figenwald, a journalist at Lider magazine, commented that only uninformed persons can wonder why the duties of the President of the European Council are vaguely defined when everybody knows that the EU excels in precise definitions. The reason is that the European Council is and will remain the only true source of power.<sup>2</sup> The March 2010 meeting of the new Croatian President Ivo Josipović and the new President of the European Council in Brussels was widely covered. Herman Van Rompuy repeated the official EU position that Croatia can complete negotiations this year if it meets all conditions.<sup>3</sup> Ivo Josipović replied that the government, the parliament, and he as President were determined to prepare Croatia for EU membership.<sup>4</sup> Herman Van Rompuy visited Croatia on 5 July 2010 as the first stop on his first trip to the Western Balkans. “This visit is a way to demonstrate to Croatia and the region my personal commitment to the integration of the region into the EU”, said the President of the European Council.<sup>5</sup>

*High Representative will get more attention when she engages in regional issues*

The media describes Catherine Ashton as a lady not well known even in the United Kingdom, the country which was given the post of the High Representative of the Union for Foreign Affairs and Security Policy to partly relax its obstructionist position *vis-à-vis* the European External Action Service (EEAS). Yet, Catherine Ashton, the former EU Commissioner for Trade, may prove to be exactly the right candidate for this post. Not controversial, not highly visible, and without a complicated professional history, she might succeed (with the help of ‘quiet diplomacy’<sup>6</sup>) in making progress on many fronts. “Judge me by results”, she said after the appointment.<sup>7</sup> The fact that on her trip to the Western Balkan region in February 2010 Catherine Ashton did not visit Croatia (she travelled to Bosnia and Herzegovina and Serbia) also explains her limited media coverage.<sup>8</sup> As the High Representative gets more engaged in the region of Southeast Europe, which she has put high on her list of priorities, more intensive media coverage will follow.

*How efficient the new diplomatic service will be is yet to be seen*

For the first time in history, the EU will have a single diplomatic service, published Novi list.<sup>9</sup> The aim of the EEAS, with offices in 136 countries, is to strengthen the EU’s global position. However, the EU has so far managed to agree on only two foreign affairs issues – the Middle East peace process and the regional approach to the Western Balkans. If the EU is to demonstrate its strength through diplomacy, it has to make its diplomatic service operable and efficient. It needs to address concerns of small countries that fear they may end up on the margins of the decision-making process within the EEAS and in personnel allocation, as well as the concerns of larger states such as the UK, which insists that the diplomatic service cannot include consular duties.<sup>10</sup>

*ECI has the potential to open a debate in the future*

Information on the European Citizens’ Initiative (ECI) was published on the website of the Croatian parliament, including a brief explanation on how the ECI could be implemented.<sup>11</sup> No debate on the merit and effect this direct democracy instrument may have on the nature of the Union itself is to be found at this point in time, but if it develops into a tangible tool in the hands of European citizens, assessments will abound everywhere, Croatia included.

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<sup>1</sup> Herman Van Rompuy: I will remain open for dialogue, Novi list, 21 November 2009; Bruno Lopandić: New rules for the future, Vjesnik, 14 January 2010, available at: <http://www.vjesnik.hr/html/2010/01/14/ClanakTx.asp?r=tem&c=5> (last access: 16 May 2010).

<sup>2</sup> Vanja Figenwald: European Council dictates freedom of the first EU President, 26 November 2009, available at: <http://www.liderpress.hr/Default.aspx?sid=90826> (last access: 20 May 2010).

<sup>3</sup> Herman Van Rompuy: Croatia can complete negotiations with the EU by the end of this year (in Croatian), SEEBiz, 5 March 2010, available at: <http://www.seebiz.eu/hr/politika/herman-van-rompuy-hrvatska-moze-završiti-pregovore-ove-godine.70027.html> (last access: 15 May 2010).

<sup>4</sup> Nataša Božić: Europe particularly worried by events in Bosnia and Herzegovina, 'President Ivo Josipović met with the leaders of the EU who commended the progress our country made towards the EU', Novi list, 6 March 2010.

<sup>5</sup> Augustin Palokaj: Van Rompuy: We are ready to accept you as the next EU member, Jutarnji list online, available at: <http://www.jutarnji.hr/van-rompuy--spremni-smo-vas-prihvatiti-kao-slijedecu-clanicu-eu/844149/> (last access: 5 July 2010).

<sup>6</sup> Ksenija Jurišić, who teaches diplomacy at the Faculty of Political Science in Zagreb, defines 'quiet diplomacy' as a tool for strengthening dialogue and cooperation among parties who may express different views on certain issues. Ksenija Jurišić: Quiet diplomacy – diplomacy without public noise, Političke analize, Vol 1, No 1, February 2010, p. 46.

<sup>7</sup> Herman Van Rompuy: I will remain open for dialogue, Novi list, 21 November 2009.

<sup>8</sup> The Ministry of Foreign Affairs and European Integration published a brief report on Catherine Ashton's visit to the region, available at: <http://www.mvpei.hr/ei/default.asp?ru=1&gl=201002220000007&sid=&jezik=1> (last access: 16 May 2010).

<sup>9</sup> Marko Lederer: EU gets single diplomatic service, Novi list, 28 April 2010; Marko Lederer on internet portal H-alter argues that new mechanisms have the potential to increase efficiency and enlarge democracy in the EU. Catharine Ashton, in his view, will have political space and a whole army of about 8,000 diplomats to make her work recognisable in the EU and abroad. Marko Lederer: New treaty – new Europe, H-alter, 1 December 2009, available at: <http://www.h-alter.org/vijesti/europa-reqija/novi-ugovor-nova-europa> (last access: 16 May 2010).

<sup>10</sup> Bruno Lopandić: European diplomacy in service of clearer foreign policy, Vjesnik, 29 April 2010, available at: <http://193.58.252.6/html/2010/04/29/Clanak.asp?r=tem&c=2> (last access: 16 May 2010).

<sup>11</sup> EU citizens will be able to propose laws by petition, 6 April 2010, available at: <http://www.sabor.hr/Default.aspx?art=32967> (last access: 16 May 2010).

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**Croatia****Croatia will be next**

Senada Šelo Šabić\*

*Unanimous belief that Croatia will be the 28<sup>th</sup> EU member*

The political elite express confidence that Croatia will be the next member state of the EU. Prime Minister Jadranka Kosor underlines that it is her belief, and that of her government, that Croatia will conclude negotiations this year and is first in line for the next round of enlargement.<sup>1</sup> This belief is reiterated by EU officials. Stefan Füle expects Croatia to be able to conclude negotiations in 2010, which means that the entry year could be 2012.<sup>2</sup> All parliamentary parties subscribe to this view. Vesna Pusić,<sup>3</sup> the President of the National Committee for Monitoring Accession Negotiations, expressed conviction that Croatia could, but was doubtful whether this government can conclude negotiations this year.<sup>4</sup>

The conference “Croatia on the Eve of the EU Accession: the Path of Reform”, which took place in Zagreb on 29 and 30 April 2010, also discussed the issue thoroughly. All participants supported Croatian EU membership, said to also have a positive effect on the Southeast European region, but more effort had to be invested in the fields of the judiciary, public administration, the fight against corruption, and competition policy.<sup>5</sup> The main problem was how to convince chief prosecutor of the International Criminal Tribunal for the former Yugoslavia (ICTY) Serge Brammertz that Croatia was not in the possession of the wartime artillery logbooks requested for the trial proceedings against the three Croatian generals.<sup>6</sup> Zoran Milanović, leader of the main opposition party, the Social Democrats (SDP), spoke about the need to differentiate between very important and less important issues at a meeting of European Socialists in Brussels. Implementing reforms<sup>7</sup> and depoliticising the judiciary and police is more important than locating artillery logbooks.<sup>8</sup> Vesna Pusić saw this as an ironic twist of fate for Croatia. In her opinion, Croatian society had matured to the point that nobody could win any votes on an issue whether five pages or five tons of documents were sent to the Hague Tribunal.<sup>9</sup>

On 14 June 2010, Brammertz reported that some of the requested documents were still missing, but concluded that this fact should no longer block Croatia’s accession.<sup>10</sup> The remaining three chapters – Judiciary and Fundamental Rights, Competition Policy and Foreign, Security and Defence Policy – were opened on 30 June 2010.<sup>11</sup>

Goran Čular, who teaches Croatian politics at the Faculty of Political Science in Zagreb, discusses an awkward position in which the political elite in Croatia are in favour of joining the EU while public support remains around 50 percent. The government initiated changes in referendum procedures with the goal to increase the probability of securing the majority of votes for entry into the EU. Čular argues that this engineering process reduces the legitimacy of Croatian accession to the EU.<sup>12</sup>

On Iceland, the Ministry of Foreign Affairs and European Integration published the European Commission’s information on the results of the referendum in which 93 percent of Iceland’s citizens voted against refunding foreign citizens their savings in Icesave.<sup>13</sup> Banka Magazine stressed that Iceland’s application for EU membership has been mainly urged by the harsh consequences of the economic and financial crisis.<sup>14</sup> The Enlargement Commissioner, Stefan Füle, when asked directly whether Iceland can enter the EU together with Croatia, answered very vaguely that “it is not the Commission’s job to create timetables”.<sup>15</sup> Most recently, the media published that the negotiations with Iceland would open in June 2010.<sup>16</sup>

*It is in Croatia’s interest that all countries in the European southeast join the EU*

Croatian entry into the EU is seen as a positive pull for other Southeast European (SEE) countries.<sup>17</sup> At the summit of SEE leaders, Prime Minister Kosor supported a Euro-Atlantic perspective to the region of SEE.<sup>18</sup> David Hudson, Head of the Political Section of the EU Delegation to Croatia, speaking at the earlier mentioned conference “Croatia on the Eve of the EU Accession: the Path of Reform”, said that the knowledge and understanding of the Western Balkans which Croatia brings into the EU is a strong asset. Dunja Jevak, Head of the Department for Bosnia and Herzegovina,

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Montenegro and Serbia at the Ministry of Foreign Affairs and European Integration, spoke about Croatia as a factor of stability in the region seen through regional incentives and NATO membership.<sup>19</sup>

### *Croatia interested in cooperation with the Union for the Mediterranean*

Croatia, as a member of the Union for the Mediterranean, actively participates in ministerial conferences.<sup>20</sup> However, there is a perception that more could be done in strengthening the Union for the Mediterranean and making its framework more effective. 72 percent of Croatia's trade exchange is with Mediterranean countries, with exports worth 9.6 billion US-Dollars.<sup>21</sup> These facts underscore the interest the country has for different forums for cooperation within the Mediterranean region.

<sup>1</sup> Marinko Petkovic: Croatia receives support on European path, *Vjesnik*, 9 April 2010; government of the Republic of Croatia: Prime Minister meets the Commissioner for Regional Policy, press release, available at: <http://www.vlada.hr/en/aktualne teme i projekti/aktualne teme/hrvatska i eu> (last access: 13 May 2010); government of the Republic of Croatia: Prime Minister receives European Parliament delegation, press release, available at: [http://www.vlada.hr/en/naslovnica/priopcenja\\_za\\_javnost/2010/ozujak/predsjednica\\_vlade\\_s\\_izaslanstvom\\_euroskog\\_parlamenta](http://www.vlada.hr/en/naslovnica/priopcenja_za_javnost/2010/ozujak/predsjednica_vlade_s_izaslanstvom_euroskog_parlamenta) (last access: 13 May 2010).

<sup>2</sup> Jurica Köbler: Croatia first in line for enlargement, *Vjesnik*, 2 February 2010; Augustin Palokaj: Prime Minister Kosor and European Enlargement Commissioner Füle discuss completion of EU entry talks this year, *Jutarnji list*, 25 February 2010.

<sup>3</sup> Vesna Pusić is a former leader and now in the leadership of the Croatian People's Party. She was also a candidate in the last presidential elections, but lost in the first round.

<sup>4</sup> Vesna Pusić speaking in Varaždin at the event marking European Day and the 65<sup>th</sup> anniversary of the victory over fascism, 8 May 2010, available at: <http://www.vesna-pusic.hns.hr/clanak.php?id=139250> (last access: 15 May 2010).

<sup>5</sup> A detailed report on the Conference is available at: <http://www.imo.hr/node/825> (last access: 19 May 2010).

<sup>6</sup> Stojan de Prato: Because of artillery logbooks EU again waits for Brammertz, 14 April 2010, available at: <http://www.vecernji.hr/vijesti/zbog-topnickih-dnevnika-eu-opet-ceka-brammertza-clanak-126059> (last access: 16 May 2010); Chief prosecutor of International Criminal Tribunal for the former Yugoslavia in The Hague, Serge Brammertz, said he still expected Croatia to deliver the documents sought by his office, adding that he would be able to make the final assessment of Croatia's cooperation with the tribunal only after visiting Zagreb in three weeks time, *tportal.hr*, 28 April 2010, available at: <http://daily.tportal.hr/65699/Brammertz-says-will-assess-Croatia-s-cooperation-in-3-weeks.html> (last access: 16 May 2010); Irena Frlan: From the Hague to the stars, *Novi list*, 1 February 2010.

<sup>7</sup> Considerable effort is invested to build the social consensus for extensive reform process. Talking to journalists on 12 January 2010 after the Economic and Social Council meeting in which he received the unanimous support from the Council to carry out justice reforms, Ivan Šimonović, the Minister of Justice, said that such support is what builds consensus, the Union of the Autonomous Trade Unions in Croatia website, available at:

[http://www.sssh.hr/index.php?option=com\\_content&task=view&id=1597](http://www.sssh.hr/index.php?option=com_content&task=view&id=1597) (last access: 20 May 2010).

<sup>8</sup> SDP: In Chapter 23 to focus on necessary reforms, Brussels, 12 May 2010, available at: <http://www.sdp.hr/vijesti/aktualno/u-poglavlju-23-usredotociti-se-na-nuzne-reforme> (last access: 20 May 2010).

<sup>9</sup> She thinks that the government should do all it can to convince the chief prosecutor that Croatia is not in the possession of the requested documents and that it should do so in the next couple of months before the current Minister of Justice, Ivan Šimonović, who has been appointed a UN Deputy Secretary-General for human rights, will leave for New York in mid August. His presence in the negotiations adds to Croatia's credibility. Rozita Vuković: Liberals are not essential for the HNS-SDP coalition, *Jutarnji list*, 15 May 2010.

<sup>10</sup> In relation to the cooperation of Croatia, the prosecutor stated that the "the issue of the missing important documents related to Operation Storm in 1995 remains outstanding". The Prosecutor informed the Council that he had been assured by Croatian authorities that the activities suggested by his office one year ago will be undertaken and that Croatia will intensify its administrative investigation. He also expressed hope that these activities will result in effective action and concrete results and that Croatia will fully account for the missing documents. Prosecutor Brammertz's address before the Security Council, press release, ICTY, 18 June 2010, available at: <http://www.icty.org/sid/10423> (last access: 09 July 2010); the chief prosecutor "gave us a pass, in spite of artillery logbooks", wrote Augustin Palokaj: Croatia opens remaining chapters on 30 June, *Jutarnji list*, 14 June 2010.

<sup>11</sup> "By opening the last three chapters [...] Croatia made the step-of-no-return towards the membership", wrote Augustin Palokaj: The last three chapters opened, *Jutarnji list*, 1 July 2010; News section of *t-portal*: Croatia in the last 500 meters of the EU marathon, 30 June 2010, available at <http://www.tportal.hr/vijesti/hrvatska/75079/Hrvatska-u-zadnjih-500-metara-EU-maratona.html> (last access: 09 July 2010).

<sup>12</sup> Goran Čular: Decisions and rituals, *Političke analize*, Vol 1 No 1, February 2010, pp. 22-26.

<sup>13</sup> The European Commission stressed that Iceland's accession to the EU has nothing to do with the Icesave affair, 10 March 2010, available at: <http://www.mvpei.hr/ei/default.asp?ru=1&q=201003100000003&sid=&jezik=1> (last access: 18 May 2010).

<sup>14</sup> Deutsche Welle/Banka Magazine: Heavy crisis pushes Iceland to EU membership, 25 February 2010, available at: <http://www.bankamagazine.hr/Naslovnica/Vijesti/U mre% C5% BEi/tabid/320/View/Details/ItemID/57840/ttl/Deutsche-Welle-Teska-kriza-tjera-Island-u-EU/Default.aspx> (last access: 18 May 2010).

<sup>15</sup> *Poslovni.hr*: EU Commission recommended opening accession negotiations with Iceland, 24 February 2010, available at: <http://www.poslovni.hr/140718.aspx> (last access: 15 May 2010).

<sup>16</sup> The EC recommended opening negotiations with Iceland, however without a date, 11 May 2010, available at: <http://dalje.com/hr-svijet/odluka-o-pregovorima-eu-i-islanda-u-lipnju/304963> (last access: 18 May 2010).

<sup>17</sup> At the meeting of liberal democratic parties from Western Balkans, held in Sarajevo on 7 May 2010, Vesna Pusić said that Croatia has a duty to use its experience to help countries in the region successfully carry out reforms required for EU membership. See: HRT: Liberal democrats for Western Balkans, available at: [http://www.hrt.hr/index.php?id=48&tx\\_ttnews%5BbackPid%5D=23&tx\\_ttnews%5Btt\\_news%5D=72390&cHash=d8c5db1941](http://www.hrt.hr/index.php?id=48&tx_ttnews%5BbackPid%5D=23&tx_ttnews%5Btt_news%5D=72390&cHash=d8c5db1941) (last access: 15 May 2010).

<sup>18</sup> Serbian President Tadić did not attend the summit since Kosovo's Prime Minister was there. Kosor expressed hope that the next summit would include leaders from the entire region. Ivan Botteri: Kosor sent a message to Tadić: 'EU path requires some

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courage', Slobodna dalmacija, 21 March 2010; media sees it as an act of goodwill and good neighbourly relations that Croatia has handed the translation of the *acquis communautaire* to its SEE neighbours, said to cost 8 million Euros.

<sup>19</sup> Available at: <http://www.imo.hr/node/825> (last access: 19 May 2010).

<sup>20</sup> The last one was the Conference of Water Management Ministers in Barcelona, 13 April 2010.

<sup>21</sup> Jagoda Vukušić: Mediterranean is the biggest trade partner of Croatia, interview with Tonči Tadić, President of the Euro-Mediterranean Forum, Novi list, 7 January 2010.

**Croatia****European economic policy, the financial and economic crisis and its consequence for Croatia**

Valentina Vučković and Nevenka Čučković\*

*The financial package to assist Greece received with relief, but worries remain*

The news on the Greek debt crisis was received by the Croatian government, business circles, and academic and financial analysts with great concerns and with fears of a spill over effect on the region. The fear was thereby stronger considering the fact that the crisis could endanger the whole monetary and economic architecture of the EU and cause the first exit of a country from the Economic and Monetary Union (EMU).<sup>1</sup> Croatian analysts and media closely monitored the sequence of events in the process of conciliating on the issue of the mechanism for helping Greece. Most of the initial debates and reports were focused on the reactions coming from Germany and whether the EU will react at all to provide help to Greece in order to avoid Greece's potential bankruptcy and prevent the crisis from spilling over to other countries.<sup>2</sup> At the beginning of discussions on the financial package, every report stressed that the EU does not foresee assistance for the Eurozone members on the verge of national bankruptcy and therefore the Greek financial crisis threatens not only the Eurozone, but also the entire EU.<sup>3</sup> Luka Brkić, professor at the Faculty of Political Science, Zagreb, was confident, however, that the EU will do everything possible in order to save Greece and prevent potential spill over of debt crises to other member states. He argues that the stake would otherwise be too high because the fall of the Euro would lead to the collapse of the EU. He considers the danger from a domino effect realistic, thus making this fear completely justified. Brkić also pointed out that there are some systemic errors in the foundations of the Economic and Monetary Union.<sup>4</sup> Borislav Škegro, former Minister of Finance of Croatia and one of the authors of the Croatian programme for economic recovery, stressed the fact that Greece consciously falsified its data, relying on the assumption that Germany would provide help with the main goal of saving the Euro.<sup>5</sup>

As elsewhere in the region, many Croatian experts especially focused on the issue of to which extent the Greek crisis would affect Croatia's economy. Željko Rohatinski, governor of the Croatian National Bank, pointed out that Croatia could draw some lessons from the most troubled countries at present – Greece, Spain, Portugal and Ireland – for long-term growth, which could not be driven solely on the expansion of domestic demand, the construction sector and international loans. According to Rohatinski, the situation in these countries highlighted the importance of the policies that the Croatian National Bank undertook in the last five to six years. Otherwise, the Croatian indicators would be very similar to the Greek ones. He stressed that there is no alternative to cutting government expenditures for the year of 2010.<sup>6</sup> Rohatinski also stated that the Greek example is a clear message that no one will help you if you are not capable of helping yourself.<sup>7</sup> Boris Vujčić, vice-governor of the Croatian National Bank, warns that the fear from the Greek scenario is not unjustified, but that Croatia is still not threatened by it and that the situation is currently stabilising.<sup>8</sup> Croatian Minister of Finance Ivan Šuker strongly holds that there will be no crisis spill over to Croatia, and that Croatia is not faced with the Greek syndrome.<sup>9</sup> On the other side, Zdeslav Šantić, economic analyst from Splitska Banka Societe Generale Group, believes that the Greek crisis will certainly have consequences in a wider range of countries.<sup>10</sup> Mirjana Turudić, Croatian Chamber of Economy, pointed out that spill over from the Greek crisis on the Croatian economy will be limited due to relatively small foreign trade with Greece.<sup>11</sup> Željko Perić, one of the advisors of Croatian Prime Minister Jadranka Kosor, stated that Croatia is not directly threatened by the Greek crisis and that the consequences could only be felt if this crisis significantly slows down the recovery of key EU economies or causes serious financial crisis in Europe. However, they will be directly reflected through the cost of future debts.<sup>12</sup>

The final agreement on the financial package combining bilateral loans from the Eurozone and financing through the International Monetary Fund has been received in Croatia with relief. Both economic and political analysts often emphasised that this is more of a political than monetary issue, which changes the rules of the game within the EU. From this aspect, Germany is no longer seen as accepting the role of European treasurer or cashier, while the opponents claim that Germany ignores the principles of solidarity and collectiveness. There was a lot of public attention focused on this issue.<sup>13</sup> Analysts assess that Angela Merkel has stood firm in her intention of dictating the terms of the resolution of the largest crisis in the Eurozone<sup>14</sup> and that Germany's motives are not just to prevent

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Greece from going bankrupt, but also to demonstrate its dedication to European ideals and to preserve the stability of the Euro.<sup>15</sup> The journalist Ines Sabalić of the Croatian business journal *Banka* elaborated the issue of German leadership within the context of the EU's disagreement concerning the Greek crisis. Sabalić stresses that criticism and demands toward Germany are somewhat contradictory – they all want it to lead, but not on the path designed by itself and perhaps with different goals on the agenda. Germans do not believe that their role as the strongest EU engine is respected enough.<sup>16</sup> In the end, Germany promised to participate in the financial package for Greece with the main motives of preserving the stability of the common currency and demonstrating its full dedication to European ideals.<sup>17</sup> The significance of the achieved agreement was also underlined by the political weekly *Nacional* by quoting the Member of the European Central Bank's (ECB) Executive Board, Bini Smaghi, who stated that the arrangement on helping Greece represents a turning point in the crisis, adding that the statements on the breaking up of the Eurozone and the inability of Greece in paying its debt are quite absurd.<sup>18</sup>

### *The Stability and Growth Pact shows visible cracks*

The fundamental issues concerning reform of the pact's rules, by which any future crisis could be prevented and in the worst scenario some countries could be excluded from the EMU, were in Croatia more discussed by analysts and media than by the political elite, neither from the ruling government nor the opposition. It was often underlined that the EU must learn some lessons from the Greek case and to arrange institutional mechanism which would be in charge of dealing with such issues,<sup>19</sup> especially since there are some other EU countries whose large debts represent the latest aggravating point in the crisis. The reform of the Stability and Growth Pact is rather urgent, as it appeared to be inefficient and did not succeed in preventing the current situation. Charles Wyplosz, the leading expert for monetary issues, stressed in his article in *Banka* that the pact could primarily be strengthened by working towards a common fiscal EU policy. The only solution would then be to transfer part of the responsibility of national parliaments to the European Parliament, which would require a completely new pact.<sup>20</sup> Croatian analysts also stressed that adopting stricter International Monetary Fund (IMF) rules and effective penalties and measures for preventing large indebtedness must be ensured, even at the cost of reforming the Lisbon Treaty.<sup>21</sup> The media reactions also echoed how Angela Merkel often points out that the Greek crisis revealed defects within the Eurozone, since it endangered the stability of the Euro and that Germany does not back down from the complex reform of European agreements. The daily newspaper *Poslovni dnevnik* stressed that a reason why Germany initiated necessary changes of commitments to EU arrangements is precisely to increase surveillance and sanctioning of violation of budget deficit limitation. It is obvious that Merkel conditions financial help to Greece by changing the rules of Stabilization and Growth Pact.<sup>22</sup>

### *Europe in need of stronger coordination of economic policies: but in which form?*

As seen by most economic analysts, the crisis revealed evidence that the Eurozone is an unfinished institutional agenda and that there should also be other instruments which could coordinate fiscal policy.<sup>23</sup> Vladimir Gligorov, economic analyst and advisor to the former Croatian President Mesić, argues that the EU definitely needs a stabilisation policy. He suggests two solutions: first, to increase the degree of fiscal interdependence, and second, to develop a fund which could intervene in the case of a crisis. However, at the moment, it is not quite clear how a potential instrument for such interventions should be designed.<sup>24</sup>

Politically, the global crisis represents an enormous challenge for the EU, since it has neither a common economic governance nor a fiscal policy.<sup>25</sup> Croatian media gave a lot of attention to French President Nicolas Sarkozy's opinion that Europe needs some form of economic governance that would act as a counterbalance to the European Central Bank (ECB). In the past, Germans have usually rejected those arguments, but the German Minister of Finance has now tabled the motion of forming a European Monetary Fund (EMF), which would function similarly to the IMF. The disadvantage of this motion is that it requires the reform of European treaties for which ratification in all states is needed. On the other hand, Howard Davies, former vice-governor of the Bank of England believes that European economic governance is not needed at all. What is needed is reaching the collective arrangement on fiscal discipline and revival of Stability and Growth Pact. Also Otmar Issing, chief economist of the ECB, argues that the Stability and Growth Pact has all the rules necessary for the functioning of the EMU, and that there is no need for macroeconomic policy coordination. Europe does not need a French plan for coordination of tax policy or another IMF. It needs fiscal discipline which would prevent other countries from getting by without any consequences.<sup>26</sup>

Considerable public attention in Croatia was given to the Spanish head of government José Luis Rodríguez Zapatero's proposal to establish the European economic governance as special representation for coordination of economic policies competent for introducing sanctions to those member states not complying with the Stability and Growth Pact (or the Europe 2020 Strategy). However, analysts consider such proposals as just testing the internal pulse of the EU. The media reported on the positions of José Manuel Barroso and Herman Van Rompuy, who do not support Zapatero in his idea of European economic government. Furthermore, Olli Rehn does not reject the idea of establishing a high committee for the economy, i.e., he supports the establishment of a specific body for monitoring and controlling economic movements. According to Rehn, there is a void in the systemic surveillance of economic risks, but filling it could potentially create anti-European public sentiments.<sup>27</sup> The Croatian Ministry of Foreign Affairs delivered an interview explaining Barroso position. He suggested a type of mechanism which would guarantee that individual countries could follow the fundamental principle of fiscal stability. He rejects Sarkozy's proposal on the establishment of an economic government and stresses that there will certainly not be one; the only thing that can be done is to improve the process of policy-making. In the interview, Barroso pointed out that by the act of establishing firmer economic governance, France would like to limit the role and independence of the European Central Bank.<sup>28</sup>

### *Europe 2020 Strategy – a good business plan, but needs more resolute implementation actions*

The Croatian public was very much interested in the new Europe 2020 Strategy, which should replace the Lisbon Strategy accepted in 2000.<sup>29</sup> The Europe 2020 Strategy is presented in the media as a good business plan, but the question is whether it can be applied. The Strategy gives hope, at least on paper, since there are a lot of issues still to be discussed, but it is seen as useless if the main EU actors will not start with its implementation.<sup>30</sup> Comments frequently point out that the key for its success is monitoring individual countries' progress through instruments provided by the Strategy as well as through the Stability and Growth Pact.<sup>31</sup> In addition, the Europe 2020 Strategy is seen as a vision for the improvement of the European social market development model. To achieve the set goals, it will be necessary to take actions and initiatives on all – EU, member states and local – levels of governance, as well as to affirm leadership and credibility.<sup>32</sup> Their views on the Strategy are also shared by the Croatian employers association (HUP), pointing towards European competitiveness as the key to sustainable economic recovery. The European economic and social model offers a solid basis for transforming these challenges into opportunities for development. In order to achieve this, strong political leadership and firm commitment to reform are much needed.<sup>33</sup> The public interest was also directed towards the comparison of this Strategy versus the Lisbon Strategy. The novelties in this Strategy, in comparison with the Lisbon Strategy, are potential corrective measures, which would include reducing subsidies from EU funds. On the other hand, it is being recognised that such measures would erode public support from the EU. Furthermore, to induce member states to follow the set guidelines, the most appropriate solution would be to reward those member states which apply them through additional funds. Additionally, the European Commission could also send warnings to countries violating the common principles.<sup>34</sup>

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<sup>1</sup> Banka Magazine: Greek crisis distresses the EU, 29 January 2010, available at: <http://www.bankamagazine.hr/Naslovnica/Vijesti/Komentari/analize/tabid/138/View/Details/ItemID/57191/ttl/Grcka-kriza-trese-eurozonu/Default.aspx> (last access: 17 May 2010).

<sup>2</sup> Hina: On the Eve of the EU Summit: The agreement on providing help to Greece achieved, 11 February 2010, available at: <http://dalje.com/hr-svijet/postignut-dogovor-o-pomoci-grckoj/293805> (last access: 17 May 2010).

<sup>3</sup> Tea Šupe: Drago Munjiz: Europe will not allow Greece to disrupt the Euro and EU, 5 March 2010, available at: <http://dalje.com/hr-hrvatska/europa-nece-dozvoliti-da-grcka-srusi-euro-i-eu/296541> (last access: 17 May 2010).

<sup>4</sup> Edita Vlahović Žuvela: EU is saving itself through Greece, 6 May 2010, available at: <http://www.bankamagazine.hr/default.aspx?TabId=138&View=Details&ItemID=59623> (last access: 18 May 2010).

<sup>5</sup> Greece lied assuming there will be Hallo, Deutschland to save the euro, 4 May 2010, available at: <http://www.business.hr/hr/Naslovnica/Politika/Grcka-je-lagala-znajuci-da-ce-biti-Hallo-Deutschland-spasavaj-euro!?homesrclink=preporuke> (last access: 18 May 2010).

<sup>6</sup> Rohatinski: There is no exit from the crisis without cutting the government expenditures, 16 February 2010, available at: <http://www.jutarnji.hr/zeljko-rohatinski-i-kriza--da-hnb-nije-reagirao--hrvatska-bi-bila-duzna-kao-grcka/566776/> (last access: 19 May 2010).

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<sup>8</sup> Boris Vujčić: Greek case is not threatening, at least not in the short run, 2 May 2010, available at: <http://www.seebiz.eu/hr/makroekonomija/hrvatska/boris-vujcic-grcki-scenarij-ne-prijeti,-barem-ne-u-kratkom-roku,76360.html> (last access: 18 May 2010).

<sup>9</sup> Šuker argues that Croatia is not threatened by the Greek syndrome, 29 April 2010, available at: <http://metro-portal.hr/vijesti/hrvatska/suker-uvjerava-da-hrvatskoj-ne-prijeti-sindrom-grcke> (last access: 18 May 2010).

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- <sup>11</sup> Experts: Greek crisis will not have influence on Croatia, 30 April 2010, available at: <http://www.slobodnadalmacija.hr/Hrvatska/tabid/66/articleType/ArticleView/articleId/100949/Default.aspx> (last access: 18 May 2010).
- <sup>12</sup> Ibid.
- <sup>13</sup> Jurica Körbler: Merkel calls for new rules within the Eurozone, Vjesnik, 25 March 2010, available at: <http://www.vjesnik.hr/html/2010/03/25/ClanakTx.asp?r=tem&c=4> (last access: 18 May 2010).
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- <sup>20</sup> Charles Wyplosz: The facts and myths of Greek crisis, Banka, 11 February 2010, available at: <http://www.bankamagazine.hr/Naslovnica/Kolumne/Biznisifinancije/tabid/296/View/Details/ItemID/57541/Default.aspx> (last access: 17 May 2010).
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**Croatia****Limited attention by politicians, strong positions of NGOs****Ana-Maria Boromisa\***

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Before the Copenhagen conference, the government, civil society organisations and the media expected that it would be possible to make a binding agreement.<sup>1</sup> Luka Bebić, the speaker of the Croatian parliament, expressed expectations that long-term obligations for emission reductions for the period 2020 with a view to 2050 would be finalised at the Copenhagen conference, as well as the implementation and financing of rules.<sup>2</sup> The media announced the conference as challenging, and expectations were rather large.<sup>3</sup>

The presidential campaign in Croatia took place during the Copenhagen conference; however, climate issues and energy policy were not debated much. Most of the candidates barely (or not at all) mentioned climate change in their programmes,<sup>4</sup> or were unaware of the issues debated in Copenhagen.<sup>5</sup> Ivo Josipović is one of the rare candidates who did talk about climate change in his campaign and stressed that he sees a stronger role for civil organisations and associations on advocating these issues.<sup>6</sup>

The government's position is rather ambiguous: The formal negotiating position (and national pledge) is a 5 percent temporary reduction target for 2013-2020. It derives from the EU's negotiating strategy, but it is officially stated that following accession to the EU, Croatia will replace its individual interim target and share the EU commitment for 2020. Croatia also supports the European Union's position regarding organisation and method of work in 2010 in order to facilitate negotiations among parties.

The NGOs, on the other hand, requested that Croatia accept a 25 percent reduction target<sup>7</sup> and evaluated the results of the Copenhagen conference as a failure. This was also the prevailing conclusion of the media reports on the Copenhagen Accord.<sup>8</sup>

Europe will certainly not solve the climate problem on its own, but it can help to deliver abatement technologies and to prove that fighting climate change can be reconciled with economic growth – provided a long-term framework is established that is in line with other goals such as security of supply and affordable energy. This was concluded at the 18<sup>th</sup> Forum of the Croatian Energy Society.<sup>9</sup> The Forum was focused on analysis and views on energy sector development. The views expressed there had significant impact on policy makers and politicians: in his speech at the Ukrainian National University of Natural and Ecological Sciences,<sup>10</sup> Luka Bebić, speaker of the Croatian parliament, was evidently inspired by the conference conclusions. It is considered that the European energy sector can deliver valuable input to the discussion about the coming climate goals and how to achieve them by addressing the importance of new climate-friendly technologies. The climate change goals should be reflected in investment decisions.<sup>11</sup>

The Copenhagen conference revealed the weaknesses of the UN system. As the negotiations in Copenhagen showed, major progress was achieved outside the UN process. In this context, the media reported that the UN had lost its influence in the field of climate change and opened discussions on examining alternative forums, such as the G20.<sup>12</sup>

Possibilities of reaching an efficient way to combat climate change was the key topic of the roundtable "What after Copenhagen?" organised by Vecernji list. It revealed a wide spectrum of ideas, ranging from the need for a global centralised governing structure and strengthening of global market rules for the energy sector through the World Trade Organization (WTO), to national or regional solutions, including a serious turn to renewable energy sources. It was concluded that the best option consists of combining local measures with a global agreement.<sup>13</sup>

Croatia's official positions lack a long-term strategic view on the issue and they mainly comply with the EU requirements based on the principle of conditionality.<sup>14</sup> In its submission to the United Nations Framework Convention on Climate Change (UNFCCC), Croatia stated that upon its accession to the European Union, its target shall be replaced by an arrangement in line with and part of the European Union mitigation effort.<sup>15</sup> The economic costs of achieving a 30 percent cut in emissions by 2020

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(equivalent to 16.9 million tons of CO<sub>2</sub> in 2020) from the baseline of 36 million tons per year are estimated to be 115-536 million Euros (e.g., 0.31-1.43 percent of Gross Domestic Product).<sup>16</sup> The estimate shows that major reductions are possible with relatively moderate economic costs. However, political, institutional, technical and other considerations have to be resolved to reach these reduction levels. Croatia's official target, 33.2 million tons, indicates the difficulties in investing in domestic measures. Thus, it is not likely that Croatia would provide relevant input to financing mitigation and adaptation.

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<sup>1</sup> E.g. Ivan Gregov (journalist): Two weeks that can change a world, Zamirzine weekly, 3 December 2009.

<sup>2</sup> L. Bebić: Speech, Ukrainian National University of Natural and Ecological sciences, 30 November 2009, available at: <http://www.sabor.hr/Default.aspx?art=31415> (last access: 17 May 2010).

<sup>3</sup> E.g., Banka magazine, Večernji list, 7 December 2009, available at: <http://www.bankamagazine.hr/default.aspx?TabId=104&View=Details&ItemID=5599> (last access: 17 May 2010).

<sup>4</sup> E.g., presidential programmes of the candidates of the major political parties, such as HDZ (of Andrija Hebrang, candidate of the HDZ), available at: <http://andrijahebrang.info/default.aspx?id=12> (last access: 17 May 2010), even the programme of Vesna Pusić, HNS, has not mentioned climate change.

<sup>5</sup> E.g. Milan Bandić, who got into the second round of elections, RTL, Presidential Forum, Debate, 19 December 2009.

<sup>6</sup> Jospiović, interview with civil society organisations, cited according to Omer Rak: Dossier. I like green, 19 December 2009, available at: <http://www.boell.hr/web/index-263.html> (last access: 17 May 2010).

<sup>7</sup> Green Action, available at: [www.zelena-akcija.hr/](http://www.zelena-akcija.hr/) (last access: 17 May 2010).

<sup>8</sup> E.g., Deutsche Welle: There is a will, but no results, 18 December 2009, available at: <http://www.dw-world.de/dw/article/0,,5035356,00.html> (last access: 17 May 2010).

<sup>9</sup> HED: Zagreb, 2009, available at: [http://www.hed.hr/pdf/18\\_HED\\_%20Zbornik%20sazetaka.pdf](http://www.hed.hr/pdf/18_HED_%20Zbornik%20sazetaka.pdf) (last access: 17 May 2010).

<sup>10</sup> Luka Bebić: Speech, Ukrainian National University of Natural and Ecological sciences, 30 November 2009, available at: <http://www.sabor.hr/Default.aspx?art=31415> (last access: 17 May 2010).

<sup>11</sup> Stefan Urlich: World Energy Council, at 18 Forum: Energy Day in Croatia, Zagreb, December 2009.

<sup>12</sup> HINA, Croatian News Agency, 20 December 2009.

<sup>13</sup> Roundtable "What after Copenhagen", organised by Večernji list, Zagreb, 23 April 2010.

<sup>14</sup> V. Horvat, at conference "What Climate has to do with it", Zagreb, 22 April 2010.

<sup>15</sup> Ministry for environmental protection: physical planning and construction, press release, 10 December 2009, quoted according to Alert, independent environmental magazine, available at:

[http://www.alertonline.org/magazine/full.php?subaction=showfull&id=1260648323&archive=&start\\_from=&ucat=2&](http://www.alertonline.org/magazine/full.php?subaction=showfull&id=1260648323&archive=&start_from=&ucat=2&) (last access: 17 May 2010); Croatia's quantified target submitted to the UNFCCC, available at:

[http://unfccc.int/files/meetings/application/pdf/croatiaacphaccord\\_app1.pdf](http://unfccc.int/files/meetings/application/pdf/croatiaacphaccord_app1.pdf) (last access: 17 May 2010).

<sup>16</sup> Seth Landau: Climate for Change, 2008, p. 199.

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**Croatia****Fight against corruption in Croatia intensifies**

Nevenka Čučković\*

The fight against corruption remains a top priority of the government, as this area is *condition sine qua non* if the negotiations with the EU are to be completed by the end of 2010. The government had strived to have some tangible results from its intensified efforts with a hope that the negotiating chapter number 23 on judiciary and fundamental rights would finally be opened at the beginning of June 2010. This chapter remained closed for negotiations until fulfilment of preconditions set by the European Council: a) a full cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY) in The Hague and b) demonstrated ability of the government to systematically fight against corruption. The stumbling stone for opening this negotiating chapter with the EU had been the inability of the Croatian government to deliver the military artillery logbooks requested by the prosecutor's office of the ICTY in The Hague, which would serve as evidence that no excessive artillery was used while liberating the Croatian city Knin during the liberating operation "Storm" in 1995, for which some Croatian generals were indicted.

The determination to combat corruption and abuse of position in the highest governing structures has increased since the new Prime Minister Jadranka Kosor took office in July 2009. Since then, Croatia witnessed the arrest, imprisonment and investigation of highly ranked government officials, including the Vice-President of the government, the Minister of the Economy, Labour and Entrepreneurship Damir Polančec, and several top managers of state-owned enterprises such as Hrvatska elektroprivreda (Croatian Electricity Company – HEP), Hrvatske autoceste (Croatian Motorways – HAC), Hrvatska poštanska banka (Croatian Postal Bank – HPB) and Podravka, an internationally reputable food processing company. The government is now racing time to process these cases in front of courts and the situation is additionally aggravated by the fact that the Minister of Interior Ivan Šimonović will soon leave his position as minister in order to assume an important international function in the UN as Deputy Secretary-General. Šimonović is one of the rare politically independent experts in the present Croatian government, but regrettably will leave this unfinished agenda to his successor, most likely a member of the ruling Croatian Democratic Union (HDZ).<sup>1</sup> To show its strong dedication and determination the government adopted a revised action plan to combat corruption and organised crime in March 2010. Prime Minister Jadranka Kosor declared a "zero tolerance to crime", while also presenting 145 measures which are to be implemented by all ministries, but especially those which receive substantial government funding as providers of state aid or various incentive schemes – areas traditionally infected by corruption.<sup>2</sup>

Apart from judiciary reform and the fight against corruption and organised crime, shipbuilding and inefficient public administration remain the main problems that have to be solved prior to Croatia's full membership in the EU as often quoted by European Council documents on Croatia's progress and also by the Head of the EU Delegation in Croatia, Paul Vandoren.<sup>3</sup> Since the start of the negotiations, all thirty-three negotiation chapters have been opened, of which twenty have been provisionally closed. At the accession conference held in Brussels on 19 April 2010, Croatia was able to provisionally close only chapter 1 on free movement of goods.<sup>4</sup> The last three chapters: Judiciary and Fundamental Rights, Competition Policy and Foreign, Security and Defence Policy were finally open at the accession conference on 30 June 2009.<sup>5</sup>

*The government's Economic Recovery Programme Introduced: yet another hard year ahead*

On 19 April 2010, the government finally introduced the long awaited Economic Recovery Programme, an anti-recessionary package of policy measures with an aim to create a push towards faster economic recovery in Croatia.<sup>6</sup> The programme encompasses a mix of long and short term economic and social measures in the areas of fiscal policy, the functioning of public administration, state property management, judiciary reform, social security and the pension system, research and innovation capacities, etc. Many Croatian analysts, both from academic and business circles, would consider the government's programme a very much delayed and "better late than never" move in the right direction.<sup>7</sup> More critical views were received from opposition party leader Zoran Milanović (Social Democratic Party – SDP), who argues that the recovery plan is more a list of wishes, "a half

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elaborated electoral programme”, and that it would be fair for the government to call for new elections and leave implementation to the new government.<sup>8</sup> Academic analysts such as Katarina Ott, Institute of Public Finance, were pointing towards the absence of a strict action plan which would make the programme operational and determine who does what and in what term.<sup>9</sup> She also argued that the programme is inconsistent with other previously introduced measures which focus on providing special financial assistance and loans to distressed enterprises. The initial reactions coming from business and academic circles encouraged the government to come up with an action plan for economic recovery relatively quickly thereafter.<sup>10</sup> The programme did not receive enthusiastic, but rather tight, support from both employers and trade unions in the public sector, as it required further sacrifices in terms of wages. Later on, abolishment of Christmas and holidays’ bonuses and renegotiating the terms of collective agreements for workers in the public sector become an issue of open conflict of the trade unions with the Government.<sup>11</sup> But they welcomed the government decision to block further erosion of purchasing power of the lower-income population, which brought abolishment of the “crisis tax” introduced in July 2009, whose effects were in essence pro-recessionary and further strangled the economy. Governor Rohatinski welcomed the adoption of the Recovery Programme, as it takes seriously the need for significantly reducing the fiscal deficit and balance of payment deficit, which would, as a result stimulate exports, rationalise domestic consumption and increase savings – issues he often reiterated as a way out of the crisis.<sup>12</sup> As opposed to most Central and Eastern European countries, Croatia has not yet reached the turning point out of the recession and it seems that the recovery will be very slow and protracted. As the new European Bank for Reconstruction and Development (EBRD) data show, in 2010, the Central and Eastern Europe (CEE) countries would grow on average around 3.7 percent while Croatia could expect only a 0.3 percent growth rate.<sup>13</sup> The Institute of Economics Zagreb data on the first quarter of 2010 also indicate that the turning point has not yet been reached, that growth in this year could still be negative, and that visible recovery of Gross Domestic Product (GDP) is expected only in 2011.<sup>14</sup> There are only weak signs of recovery in industrial production and exports in the first quarter of 2010, while construction activity, which has been an engine of growth in the past years, further dives and retail trade stagnates.<sup>15</sup> In short, yet another bleak year is ahead.

#### *President Josipovic’s diplomatic offensive to improve relations with neighbours*

In January 2010, Ivo Josipovic, a candidate from the Social Democratic Party (SDP), was elected new Croatian President, winning 60.3 percent of the votes. He succeeded Stjepan Mesic after 10 years as President of Croatia. Since he took office in February 2010, President Ivo Josipovic intensified foreign policy efforts towards improving relations with neighbouring countries in the Western Balkans, especially with Bosnia and Herzegovina and Serbia. Apart from meeting Serbian president Boris Tadić in March, which was also intensively covered by the media, Ivo Josipovic received a great deal of attention from the international and domestic political elite, the media and the general public with his speech delivered in Ahmici, Bosnia and Herzegovina, which paid tribute to war victims,<sup>16</sup> and his address to the parliamentary assembly in Sarajevo.<sup>17</sup> He apologised for the Croatian politics led by former President Franjo Tudjman during the 1990s, which might have contributed to the conflicts and sufferings in Bosnia and Herzegovina during the 1990s. His speech steered a lot of public and political debate in Croatia as Ivo Josipovic’ apologies were not received well by the HDZ hard-liners, but also some of its top government figures. Initially, it was also received with unease by the Prime Minister Jadranka Kosor, but later on they managed to “agree to disagree” on the matter. On the other hand, the President’s speech was very much welcomed by the main international actors and partners such as the EU and USA and is considered by most academic analysts and the media as a good basis for a qualitative shift of political focus from the past to the future.

President Josipovic’s additional step in the initiative to strengthen trust and improve relations with neighbours in the region was by visiting Republika Srpska in Bosnia and Herzegovina and meeting with Prime Minister Milorad Dodik in Derventa at the end of May 2010.<sup>18</sup> They especially talked about open issues, such as the return of Croatian refugees to their homes in Republika Srpska.

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<sup>1</sup> Jelena Lovric: Bad timing for departure of a good minister, *Jutranji list*, 6 May 2010, p. 23. In this text the author argues that this is a hard blow on Kosor’s team and that Simonovic skills and expert authority would be very much missed. Also his most likely successor Dražen Bošnjaković is a HDZ party member and his independence would be doubtful.

<sup>2</sup> Government of Republic of Croatia: Government approved Revised Action Plan to Combat Corruption, 18 March 2010, available at: [http://www.vlada.hr/hr/naslovnica/novosti\\_i\\_najave/2010/ozujak/vlada\\_prihvatila\\_revidirani\\_akciji\\_plan\\_za\\_suzbijanje\\_korupcije](http://www.vlada.hr/hr/naslovnica/novosti_i_najave/2010/ozujak/vlada_prihvatila_revidirani_akciji_plan_za_suzbijanje_korupcije) (last access: 17 May 2010).

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- <sup>3</sup> Shipbuilding, Judiciary and Public Administration, interview with Paul Vandoren, available at: [http://www.delhrv.ec.europa.eu/files/file/intervju/PV%20-%20jutarnji%20list%2016\\_02\\_2010\\_.pdf](http://www.delhrv.ec.europa.eu/files/file/intervju/PV%20-%20jutarnji%20list%2016_02_2010_.pdf) (last access: 12 May 2010).
- <sup>4</sup> See the statement at the Delegation of the EU to the Republic of Croatia, available at: <http://www.delhrv.ec.europa.eu/?lang=en&content=2416> (last access: 14 May 2010).
- <sup>5</sup> Kosor: Croatia in the last 500 meters of the EU marathon, Dnevno.hr, 30 June 2010, available at: [http://www.dnevno.hr/vijesti/hrvatska/kosor\\_hrvatska\\_na\\_posljednjih\\_500\\_metara\\_maratona\\_prema\\_eu\\_/64317.html](http://www.dnevno.hr/vijesti/hrvatska/kosor_hrvatska_na_posljednjih_500_metara_maratona_prema_eu_/64317.html) (last access: 5 July 2010).
- <sup>6</sup> Government of Republic of Croatia: Economic Recovery Programme, April 2010, available at: [http://www.vlada.hr/en/naslovnica/novosti\\_i\\_najave/2010/travani/predsjednica\\_vlade\\_predstavila\\_program\\_gospodarskog\\_oporavka](http://www.vlada.hr/en/naslovnica/novosti_i_najave/2010/travani/predsjednica_vlade_predstavila_program_gospodarskog_oporavka) (last access: 17 May 2010).
- <sup>7</sup> Damir Kustrak, President of the Croatian Employers Association: Interview, 101 Radio, 17 May 2010, 9. a.m.
- <sup>8</sup> Portal.hr: SDP describes economic recovery programme as wish list, 26 April 2010, available at: <http://daily.tportal.hr/64436/SDP-describes-economic-recovery-programme-as-wish-list.html> (last access: 17 May 2010).
- <sup>9</sup> Katarina Ott, Director of Institute of Public Finance: Which government should we trust? (in Croatian), available at: <http://www.ijf.hr/osvrti/20.pdf> (last access: 17 May 2010). In this comment she criticised not only the absence of an action plan, but also inconsistency of some economic measures.
- <sup>10</sup> Economic Recovery Programme Operational Plan, available at: [http://www.vlada.hr/hr/preuzimanja/publikacije/plan\\_provedbenih\\_aktivnosti\\_programa\\_gospodarskog\\_oporavka](http://www.vlada.hr/hr/preuzimanja/publikacije/plan_provedbenih_aktivnosti_programa_gospodarskog_oporavka) (last access: 17 May 2010).
- <sup>11</sup> The Unions strongly opposed to proposed changes in Labour Law which would enable an end and renegotiation of the present Collective agreement for workers in the public sector. They organised a written support of over 800,000 Croatian citizens calling for a referendum on the Law. See: Croatian Trade Union Association, Kosor said "no": referendum follows! available at: <http://www.hus.hr/?p=1104#more-1104> (last access: 6 July 2010).
- <sup>12</sup> Željko Rohatinski: Additional liquidity yes, but only to production, 6 January 2010, available at: <http://www.seebiz.eu/hr/makroekonomija/hrvatska/zeljko-rohatinski-dodatna-likvidnost,-ali-samo-u-proizvodnju,65193.html> (last access: 19 May 2010).
- <sup>13</sup> Etic Berglof Chief economist: EBRD forecasts for transition countries, presented by at the EBRD Annual Meeting in Zagreb 14-15 May 2010, available at: <http://www.bankamagazine.hr/Naslovnica/EBRDvijesti/tabid/381/View/Details/ItemID/59835/ttl/Hrvatska-Procijenjeni-rast-BDP-a-u-2010-snizen-na-03-posto/Default.aspx> (last access: 17 May 2010). See also the interview with Peter Sanfey: EBRD lead economist for SEE and Croatia, Jutarnji list, 15 May 2010, pp. 6-7.
- <sup>14</sup> Economic Institute Zagreb: Croatian Economic Outlook Quarterly no. 42, available at: <http://www.eizg.hr/AdminLite/FCKeditor/UserFiles/File/Priopcenje-CroatianEconomicOutlook-travani-2010.pdf> (last access: 17 May 2010).
- <sup>15</sup> Ibid., p. 2.
- <sup>16</sup> For details, see the Statement of President Josipovic, available at: <http://www.predsjednik.hr/15042010-Ahmici> (last access: 14 May 2010).
- <sup>17</sup> Address of President Josipovic at the Parliamentary Assembly of Bosnia and Herzegovina in Sarajevo, available at: <http://www.predsjednik.hr/14042010-Sarajevo02> (last access: 14 May 2010).
- <sup>18</sup> Statement of the Office of the President of Republic of Croatia, available at <http://www.predsjednik.hr/30052010-Derventa> (last access: 2 July 2010).



## Questionnaire for EU-27 Watch, No. 9

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

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

### 1. Implementation of the Lisbon Treaty

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

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

### 2. Enlargement and European Neighbourhood Policy

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

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

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

- How are these projects assessed in your country?

### 3. European economic policy and the financial and economic crisis

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

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

### 4. Climate and energy policy

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

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

### 5. Current issues and discourses in your country

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