



Country Issue: Slovakia



The Relaunch of Europe

Mapping Member States' Reform Interests

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Institut für Europäische Politik (Institute for European Politics, IEP) is one of the leading foreign and European policy research centres in the Federal Republic of Germany dedicated to the study of European integration.

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Further information on the project can be found here:

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THE RELAUNCH OF EUROPE

MAPPING MEMBER STATES' REFORM INTERESTS

The Relaunch of Europe. Mapping Member States' Reform Interests (RelaunchEU) is a project conducted by the Institut für Europäische Politik (IEP) on behalf of the Friedrich-Ebert-Stiftung (FES) that surveys the implementation prospects for twelve concrete reform proposals. It covers the policy areas of Social Union, Economic and Monetary Union and Defence Union as well as asylum and migration policy and the EU's institutional set-up. Furthermore, it analyses the support for flexible integration and the positioning towards the five scenarios presented in the European Commission's »White Paper on the Future of Europe« of spring 2017. It covers the positions of national governments and of relevant progressive political parties, which received a minimum share of 5 % of the votes in the previous European or national elections.¹

The study follows two main objectives: (1) It demonstrates the scope of action for prompt reforms of the EU in the selected policy areas while also taking into account which member states would, under certain conditions, be willing to implement the specific proposals. (2) It empirically determines which member states could belong to an avant-garde group willing to deepen integration.

Researchers from think tanks and research institutions in the member states of the EU-27 compiled information to determine the position of governments and progressive political parties towards the twelve reform proposals. This qualitative analysis reflects the country experts' views and is based on documents such as coalition agreements, government or party programmes, position papers, press releases, interviews, op-ed pieces, and official documents. It presents a snapshot of the discussions within the governments and parties. In order to keep the country issues short, internal debates and deviating opinions cannot be covered in detail. Positions are subject to change, especially following elections and the formation of new governments. The snapshot was taken at the end of September 2017. More recent developments could not be included. Notable exceptions are the country issues of Austria and Germany, which were updated following the latest coalition negotiations.

The study's results are published in English on the website www.relaunch-europe.eu. It presents maps for every actor and reform proposal, 27 country issues and an analytical paper. The paper compares the positions of all actors in all member states of the EU-27 on the twelve concrete reform proposals and presents five flagship-projects, which bear the chance for a relaunch of Europe.

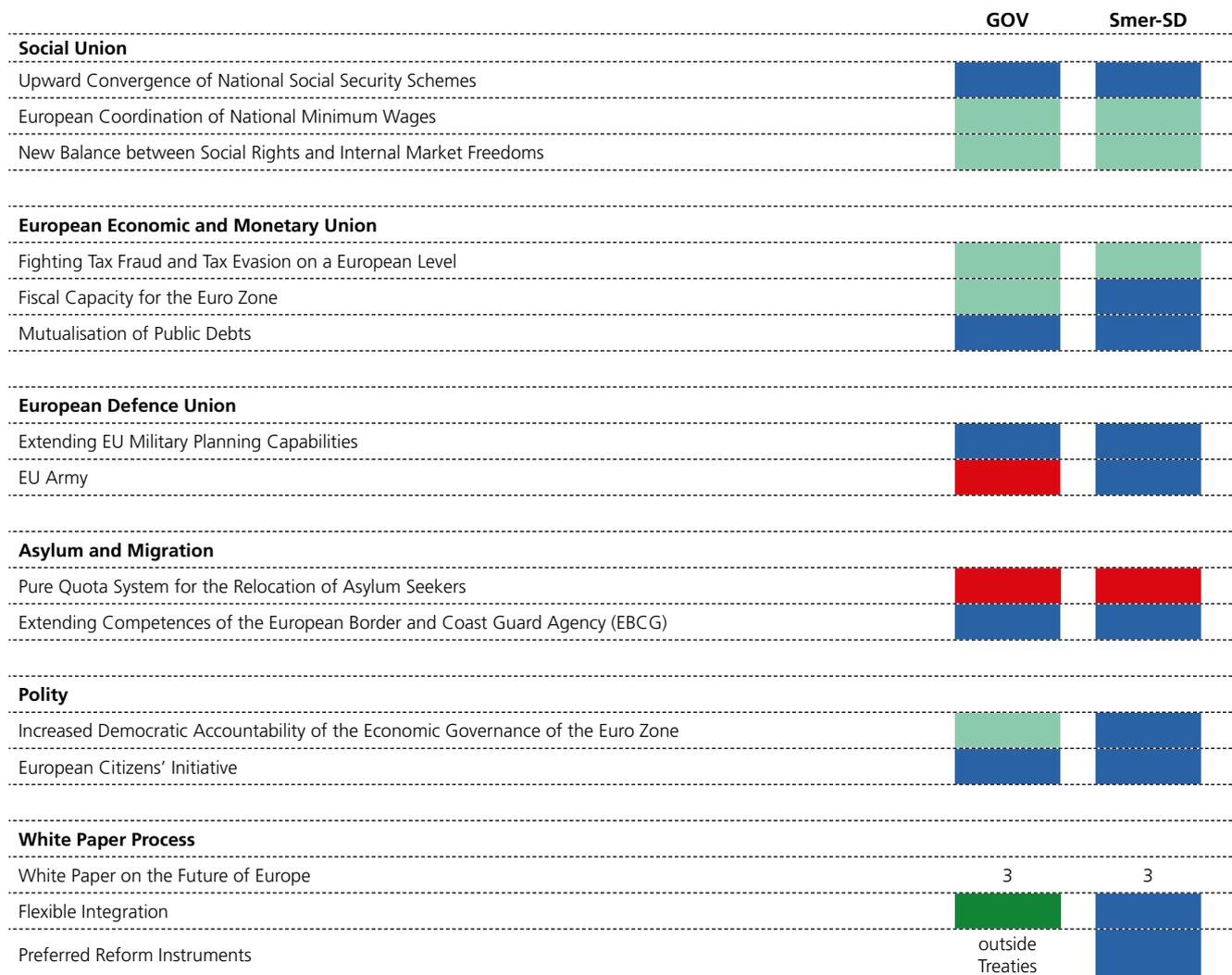
¹ If a party fulfills this criterion, but is not a relevant actor in the national public debate anymore, it was deleted from the sample based on the judgement of the projects' country expert.

SLOVAKIA

In Slovakia's general election in March 2016, the governing social democratic party *Smer-Sociálna Demokracia* (Smer-SD) received 28.3 % of the votes. The party subsequently formed a majority coalition with the right-wing party *Slovenská*

Národná Strana (SNS), the centrist-conservatives #SIEŤ and the Christian Democratic party *Most-Hid* (M-H). Smer-SD has been characterised as social-democratic, but holds certain left-wing populist and social-conservative positions.

Support of the Slovak Government and the Smer-SD for Deepening EU Integration



Legend

- support for
 - support under conditions
 - against
 - neutral
 -
- GOV** National Government
- Smer-SD** Smer-Sociálna Demokracia
- 1 – Scenario 1: »Carrying on«
 - 2 – Scenario 2: »Nothing but the single market«
 - 3 – Scenario 3: »Those who want more do more«
 - 4 – Scenario 4: »Doing less more efficiently«
 - 5 – Scenario 5: »Doing much more together«

SOCIAL UNION

While neither the Slovak government nor the Smer-SD has yet taken an official stance concerning the **upward convergence of national social security schemes**, the national debate on minimum wages has recently intensified. In Slovakia, the minimum wage currently amounts to 480 euro and is one of the lowest within the euro zone. The Prime Minister has considered amending the Slovak constitution to guarantee the right to a minimum wage. He has taken such action, as he expects increased convergence of minimum wages in the euro zone, particularly driven by political motives of the French President and the German Chancellor. Therefore, the support of the Smer-SD-led government for more **European coordination of national minimum wages** is mainly motivated by the attempt to strengthen cooperation with euro zone members, especially relations to France and Germany, in order to be part of »core-Europe«. The government maintains a wait-and-see approach to see if such proposals are beneficial or harmful for Slovakia. With regard to increasing the level of minimum wages in the member states, the Prime Minister suggests that it should amount to 60 percent of the average national wage. Initially, the government was opposed to the French initiative to revise the posted workers directive, fearing a potential influx of cheap labour force from the Balkans and Eastern Europe. Currently, the Prime Minister seeks to reach an agreement benefiting posted workers from central European countries that would exempt the transport sector from the revised directive. For this reason, establishing a **new balance between social rights and internal market freedoms** does not rank high on the political agenda. Nevertheless, the government and the Smer-SD recognised its importance, but ask for rebalancing social rights with regard to all four internal market freedoms, not only regarding service and labour as foreseen by the posted workers directive. Slovakia already experienced imbalances with regard to the freedom of capital and goods, as significant foreign capital drains take place (only 2.2 % of profits made by foreign companies remain in Slovakia). In addition, the differing quality of food products between Eastern and Western Europe, which was recently addressed by the Visgrád states, has been debated in the context of the free movement of goods.

EUROPEAN ECONOMIC AND MONETARY UNION

Overall, the Smer-SD-led government supports **fighting tax fraud and tax evasion on a European level**, not least due to the connection between tax evasion, money laundering and terrorism which the country highlighted during its recent Council Presidency. The Minister of Finance (Smer-SD) has expressed his conviction that agreements on the automatic exchange of tax information between the EU and third countries, such as the one signed with Monaco in July 2016, could be one way forward in the fight against tax evasion. Slovakia actively takes part in the base erosion

and profit shifting (BEPS) measures under the OECD framework and it has supported actions on country-by-country reporting and tax avoidance at EU level in the past. Thus, the government is supportive of proposals aimed at increasing transparency and the ban of letterbox companies, but until more detailed information on the proposals become available its support is conditional. The same applies to the creation of a Common Consolidated Corporate Tax Base (CCCTB), as there exist some reservations due to the possible consequences of such reforms on the business environment. Furthermore, the Prime Minister has expressed his desire to discuss the convergence of tax rates across the EU in order to address tax dumping. In light of this, he has proposed common corporate tax rate zones which would stipulate ranges within which tax rates could be set. Currently, the corporate tax rate in Slovakia is set at 21 %. The Smer-SD-led government is supportive regarding the creation of a **new fiscal capacity for the euro zone**. As countries give up the possibility to implement national monetary policies with the adoption of the euro, they lose an important tool for economic stabilisation as national fiscal stabilisers become insufficient to cushion the effect of large asymmetric shocks. Thus, the government sees a need for a fiscal capacity and is willing to support proposals which can significantly improve the resilience of the European Economic and Monetary Union. It is particularly in favour of a European unemployment (re-)insurance scheme, as it could be made automatic and targeted for specific purposes, thus limiting political discretion and possible moral hazard problems. However, the Slovak government rejects permanent transfers and feels that fiscal risk sharing must coincide with fiscal discipline, which should become a pre-condition for member states' access to the fiscal capacity. Neither the government nor Smer-SD has taken a stance on the **mutualisation of public debts** as of yet. However, the Slovak Minister of Finance supports the Commission's idea of European Safe Assets (ESAs) such as sovereign bond backed securities (SBBS) which would not require the mutualisation of public debts while still supporting the resilience of the EMU.

EUROPEAN DEFENCE UNION

The Smer-SD-led government is indecisive concerning the **extension of EU military planning capabilities**. Although the government underlines its commitment to EU military capacities in its national security and defence strategy, it rejects any duplication of existing NATO structures, which the country is strongly committed to. For the same reason, the idea of EU headquarters for executive EU military missions and operations was perceived rather sceptically in Slovakia. Therefore, according to the Slovak Ministry of Foreign and European Affairs, Slovakia would prefer to centre the current discussions on Permanent Structured Cooperation (PESCO). It views this as an important instrument for further cooperation through which individual member states could move forward and create national capabilities. Moreover, the Slovak government welcomes efforts directed at increasing the effectiveness of EU crisis

management and recognises the importance to strengthen the EU's credibility and its military capacity at the international level. Despite its willingness to contribute its own military capabilities to EU defence efforts, the Slovak government is against the establishment of an **EU army**. However, the Prime Minister (Smer-SD) has repeatedly emphasised the country's commitment to European defence cooperation and the Minister of Defence recently announced the country's intention for European solutions in future purchases of armed carriers and aircraft fighters. There is also support for more interoperability with European allied armed forces.

ASYLUM AND MIGRATION

In 2016, Slovakia had only granted asylum or subsidiary protection status to approximately 1,500 people since it declared independence 23 years earlier. Between 2008 and 2013, the numbers of asylum applicants ranged from 895 to 440 per year according to Eurostat – compared with 330 applicants in 2014 and 2015 and only 145 applicants in 2016 respectively. The annual number of final decisions to grant asylum was never higher than 15 between 2008 and 2016. These trends have continued in 2017. Yet, opinion polls suggest that a vast majority of the Slovak population is worried about migrants and the current Prime Minister (Smer-SD) campaigned on strong anti-immigrant rhetoric, vowing that not »one single Muslim« migrant would be accepted and framing migration as an important security issue. Since 2015, the Slovak government relocated 149 Christian refugees from Iraq. However, the Hungarian and Slovak governments took legal actions before the European Court of Justice against the mandatory relocation scheme. This challenge to the EU migration policy has been dismissed by the court. Clearly, the Smer-SD-led government is strongly opposed to a **pure quota system for the relocation of asylum seekers**. Instead, the government argues for the concept of flexible solidarity which would take into account the different capabilities and conditions of EU member states, enabling them to provide solidarity by different means. In this context, the Slovak government would support a reform of the Common European Asylum System (CEAS), including the establishment of a European Asylum Agency to replace the current EASO, and it has offered to provide technical and operational assistance to member states that are willing to implement the CEAS. The launch of the **European Border and Coast Guard Agency (EBCG)** was interpreted in the Slovak media as one of the biggest successes achieved during the Slovak Presidency of the Council of the European Union. Thus, the position of the Slovak government is highly supportive of the EBCG. The political leadership regards the control of the Schengen area's external borders as well as deportation operations and the cooperation with third countries on return and readmission, which are all part of the EBCG's mandate, as very important in order to control the number of migrants coming to the EU. However, as the current EBCG arrangement was only agreed on in 2016, the Slovak government argues that it is too early to discuss further reforms.

POLITY

Generally, the Slovak government aims to include EU member states which are not yet members of the euro zone in discussions on the future of the EMU, as this could provide new impulses and increase the motivation to join the euro zone. With regard to concrete proposals on the economic governance of the euro zone, the government and thus also the Smer-SD, believes that the member states should first provide clarification with regard to the future of the EMU, before they discuss new institutions or forms of governance. Generally speaking, the government is not opposed to the idea of a European minister of finance as such, however, so far it is unclear what functions such a position would exactly include. As for the question of **increased democratic accountability of the economic governance of the euro zone**, the government generally supports corresponding measures as long as they do not hinder operability. Slovak technocrats also argue that national parliaments should be more involved in the Commission's country-specific recommendations on economic policy in order to foster national ownership in the process. There is no information available on the actors' positions towards the reform of the **European Citizens' Initiative (ECI)**.

WHITE PAPER PROCESS

Regarding the **»White Paper on the Future of Europe«**, the government, led by the progressive Smer-SD, has expressed a preference for scenario 3 »those who want more do more«. Within this scenario, Slovakia's Prime Minister (Smer-SD) wants the country to belong to a deeply integrated core Europe and seeks to remain close to Germany and France, which he regards as the drivers of European integration and as instrumental partners for reforming the European Union. The government has therefore concluded agreements with both Germany and France in order to promote intensified expert dialogues and regular exchanges of information between the countries on EU politics. Additionally, the government stressed that the future of Slovakia lies within the EU, thus distancing itself from europesceptic tendencies in other Eastern European states and aligning itself with the EU's core. In line with its preference for scenario 3, the government supports the concept of **flexible integration**. It would prefer reforms outside the Treaties rather than opening the Treaties up for reform.

Legend

Actors Covered by the Study in each EU Member State

- *National Government*: including its members from one or more political parties, the Head of State or Government, relevant executive ministers and administration.
- *Progressive Parties*: They include all parties that are represented either in the Group of the Progressive Alliance of Socialists and Democrats in the European Parliament (S&D) or that are members of the Party of European Socialists (PES) and have gained a minimum share of 5 % of the votes in the last national or European elections. They also include La République en Marche (REM) in France.

Concrete Reform Options in Different Policy Areas

Social Union

1. *Upward Convergence of National Social Security Schemes* to provide Europe-wide protection against social risks and to ensure a decent standard of living for EU citizens.
2. *European Coordination of National Minimum Wages* to ensure a decent income within the EU to prevent in-work poverty, to promote social convergence and to avoid social dumping across the EU.
3. *New Balance of Social Rights and Internal Market Freedoms* to compensate the current precedence of internal market freedoms over national social rights.

European Economic and Monetary Union

4. *Fighting Tax Fraud and Tax Evasion on a European Level* for a fair allocation of tax burdens among natural and judicial persons.
5. *Fiscal Capacity for the Euro Zone* to provide stabilisation against economic shocks through public expenditure in the euro zone.
6. *Mutualisation of Public Debts* to tackle the problem of a sharp increase in public debts in some member states as a result of the euro zone crisis.

European Defence Union

7. *Extending EU Military Planning Capabilities* also for executive military missions and operations.
8. *EU Army* establishing a permanent multinational military force under European command.

Asylum and Migration

9. *Pure Quota System for the Relocation of Asylum Seekers* which would replace the Dublin system.
10. *More Competences for the European Border and Coast Guard Agency (EBCG)* expanding the current EBCG tasks in terms of »shared responsibility« between the EBCG and national authorities.

Polity

11. *Increase Democratic Accountability of the Economic Governance of the Euro Zone* to make its institutions more responsive to EU citizens.
12. *European Citizens' Initiative (ECI)*: revision of the ECI regulation to make the instrument more citizen-friendly and effective in order to strengthen the participative democracy in the EU.

White Paper Process

13. *The White Paper on the Future of Europe* by the European Commission presents five possible scenarios for the future course of European integration.
14. *Flexible Integration*: limiting the application of certain rules to certain EU member states.
15. *Preferred Reform Instrument*: Treaty reform, reforms inside or outside the Treaties.

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