

SLOVENIA - 10 YEARS IN THE EUROPEAN UNION

Views by the Former Members
of the Negotiating Team

Ministry of Foreign Affairs, Government Communication Office
Ljubljana, April 2014

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CIP - Kataložni zapis o publikaciji
Narodna in univerzitetna knjižnica, Ljubljana

327(497.4:4)(082)
061.1EU(082)

SLOVENIA - 10 years in the European Union : views
by the former members of the Negotiating Team / [editor
Nataša Zajec Herceg : translation Translation service of
Ministry of Foreign Affairs, PSD translation services]. - Lju-
bljana: Ministry of Foreign Affairs : Government Communica-
tion Office, 2014

ISBN 978-961-6566-23-0 (Ministrstvo za zunanje zadeve)
I: Zajec Herceg, Nataša
273358336

Foreword

This year marks the tenth anniversary of Slovenia's accession to the European Union, which has become part of our everyday lives, affecting us in many ways. Slovenian citizens are also EU citizens, and Slovenia has established itself as a distinguished and equal member of the European family of nations.

Having read the contributions in this publication, I firmly believe that Slovenia was a model candidate. By learning about the functioning of the Union, it completed the necessary tasks and prepared for membership, established new institutions and built its capacities, knowing that it was all being done primarily for its own development.

The country became a successful EU member, which was confirmed in 2007, when it was the first new Member State to introduce the euro and in the first group to enter the Schengen Area in the same year. It should be noted that Slovenia was also the first among the "newcomers" to hold the presidency of the Council of EU, in the first half of 2008. One should not forget the advantages for Slovenian citizens deriving from the Single Market and the high standards of key European policies. By joining the EU, Slovenia gained access to substantial funds, which are being used for development. As Foreign Minister, I would like to underline the importance of establishing the European External Action Service, which already has two ambassadors from Slovenia in its ranks.

In recent years, the EU has been in the grip of a financial and economic crisis which has required changes in the EU's architecture in both economic and monetary fields. Despite signs of an approaching recovery, we are still not competitive enough, and face a credit crunch and massive unemployment, particularly among youth, which makes some people doubt the wisdom of EU membership and they tend to put national interests before joint European interests. It has been proved yet again that people can quickly grow accustomed to good things and that some novelties are quickly taken for granted, particularly among the young generation. However, if we look around, we can see that such practice may be very misleading.

Many tasks and problems that were on the negotiating table over a good decade ago still remain topical. Slovenia has used numerous advantages of membership, but challenges remain which it will have to face in the future. Neither Europe nor Slovenia will emerge from this crisis unscathed. Perhaps it is now more evident than ever that the future of the Union lies in its further enhancement,

and that we will be strong in a globalised world only by acting together, with responsibility and solidarity, and by taking into account the underlying values of the European Union, which are the reason for its continued existence. In such a Europe, Slovenia too will seek its future.

Karl Erjavec, Minister of Foreign Affairs

Introduction

The Ministry of Foreign Affairs and Government Communication Office decided to mark the 10th anniversary of Slovenia's accession to the European Union by publishing a comprehensive overview of Slovenia's development and activity as an EU member state during this period. We invited former members of the Negotiating Team of Slovenia for Accession to the EU, who led, monitored and coordinated the work on negotiations, to contribute to the publication. They present their personal views of the key challenges facing Slovenia in the negotiations on certain chapters, and related progress over the ten years of membership.

The Negotiating Team was led by Janez Potočnik, from 1998 to the end of negotiations in 2002. Some of its members were involved for only a short time, or they shared certain fields with their colleagues and, therefore, not all of them contributed to this publication. Thus, Boris Cizelj was deputy head of the Negotiating Team only for some time; and Franc But and Iztok Jarc were responsible for agriculture alongside Emil Erjavec – an alliance between experts and politics which in this complex field proved a success.

The selection of contributions aims to present a broad review of Slovenia's activity as an EU member. But on the occasion of this anniversary, we cannot disregard the many others who took part in the extensive project of accession to the EU. Particularly the foreign ministers of the time should be mentioned, who were the chief negotiators in the formal negotiation process, i.e. Boris Frlec, Dimitrij Rupel and Alojz Peterle, whose personal engagement contributed significantly to its conclusion. Without our Mission to the European Union in Brussels, success would have been impossible. During the negotiations, it was headed by Marko Kranjec and Ciril Štokelj.

*Slovenia's reputation as a credible partner, whose accession was never in doubt, is due to many others, from political leaders and ambassadors who represented Slovenia in the Member States and elsewhere, to heads of working groups and representatives of the Government Office for European Affairs and all the ministries which oversaw the successful alignment with the *acquis* and the building of administrative capacities. Without their valuable contributions, it would have been impossible to complete such an ambitious project. It should be noted that Slovenia was the only candidate whose negotiating positions were also ratified by parliament and which included the business sector, the expert public and civil society in the process.*

Throughout the process of Slovenia's integration to the EU, the Government Communication Office was actively involved in informing the Slovene public about the (facts of) EU membership. Thus, the most crucial role was eventually played by the citizens of the Republic of Slovenia who endorsed Slovenia's path to the EU membership by an overwhelming majority of votes (89.64 %) on a referendum on 23 March 2003.



Janez Potočnik

Head of the Negotiating Team for Accession of Slovenia to the EU and Minister for European Affairs; today Member of the European Commission in charge of the Environment.

“Mere membership of the European Union should not lead to the expectation that certain things will simply happen and that everything will be better.”

In 1998, the Negotiating Team for Slovenia's accession to the EU was formed, which I headed until the end of the negotiations. It was an incredibly positive experience, leaving pleasant memories of a group of people with one major goal: to carry out their task in a professional, effective and accurate manner, in order to guarantee Slovenia a successful accession to the European Union, without unnecessary obstacles, and to the benefit of Slovenian citizens. Already at the time of negotiations, we strove to present our European partners with an image of an efficient state, well aware of how to benefit from membership and what to do to gain it. The 10th anniversary is an appropriate moment to take a look back, and forward.

Slovenia joined the first, so-called Luxembourg negotiating group, as the last candidate, together with Cyprus, the Czech Republic, Estonia, Hungary, and Poland. This was rather a success for a country that had had some problems when taking the first steps towards European

integration, and was considered by many mainly as just another part of the turbulent Balkans. One of our key goals was to reverse this unfounded view. There was no doubt that we persuaded the people who were tasked with monitoring the activities and evaluating the preparedness of the negotiating candidate countries, but it was much more difficult to change public opinion in European Member States. I remember a question from a regular Eurobarometer survey prepared by the European Commission and put to randomly selected respondents from all Member States about the countries they wished most to see as future members. Together with Turkey, Slovenia was consistently at the end of the list. People did not know our country, and you do not want someone you do not know to come into your house – especially if they come from a region that has been marked by recent bloodshed.

I still keep the slides that we used to inform our partners around Europe about Slovenia, its approach to the matter, and its expectations. From time to time, I go through them, and they still prove useful when preparing for a meeting with representatives of current candidate countries. Based on experience, the negotiation process has evolved, but the principal challenges remain the same.

The rationale behind our approach was the belief that accession to the European Union and the ensuing changes we had to make corresponded to the transition towards an open economy and an open society connected with the world. This, in turn, was consistent with Slovenia's vision, inside or outside the European Union.

We were aware of the rules of the game (i.e. the EU *acquis*), which could be changed only for well-founded reasons; we also knew that the candidate countries were joining the Union, not vice versa. In the first years of the negotiations, there was no political consensus among our EU partners about the accession timetable and the number of necessary negotiating rounds. Consequently, we had to dispel unnecessary doubts about our ability to adopt the *acquis* and carry out the transition rapidly and efficiently. In the eyes of our European counterparts, Slovenia was increasingly perceived as a candidate with a stable economy and an efficient administration, in brief: the candidate best prepared for accession. At the end of the process, we were perhaps even overestimated.

Formally, Slovenia was negotiating with the Member States – with the European Commission acting as an intermediary – that greatly assisted all stakeholders, especially the candidate countries, in a process that was anything but simple.

In fact, the process comprised the adaptation of candidates to the EU *acquis* on the one hand and negotiations on transition periods on the other. The final phase of the negotiation process, consisting of talks and agreements on financial transfers and the budget, was closest to the traditional regular negotiations on the financial perspective among Member States. The harmonisation with the *acquis* required numerous adaptations in almost all areas, but the hardest were negotiations at home (aimed at overcoming political and economic interests and monopolies).

Slovenia was the only candidate whose negotiating positions had also to be formally approved by parliament. This seemingly complex procedure proved useful, as it guaranteed transparency to the public and uniform political support for the process throughout the negotiations. Furthermore, at the beginning of the process, our country was the only candidate whose negotiating positions were publicly available to the media and the general public. In this way, we successfully lifted the veil of secrecy surrounding the rather technically conceived process, which required a lot of knowledge and expertise to be understood. There was no need to hide anything, as this would only have given rise to unnecessary questions and speculation. In short, we did not want stories where there really was none. The parliamentary political parties of the majority and the opposition made a great contribution to the smooth flow of the process, as they maturely agreed that the project was of the highest national importance and creatively participated in reaching a consensus on priority outstanding issues.

Of course, the negotiations were accompanied by questions, concerns, and fears, some justified, others less so. Three key concerns were: (1) that the liberalised movement of capital would cause an influx of investors from wealthy European countries to buy Slovenian land and property, (2) that the Slovene language would disappear in the melting pot of great European cultures, and (3) a concern on the European side, that the free movement of persons would lead to a surge of cheap labour into

developed European countries and increase unemployment there. In all these cases, the concerns have proven to be far from the reality. As often in the past, it became obvious that 'fear has big eyes', as an old Slovenian saying goes. Nevertheless, comparable fears persist even nowadays, for example in the discussions about the free movement of workers in some Member States. They are real and require quite some attention and effort if we wish to allay them.

* * *

Many of the things that we had feared did not happen, but a lot happened that we had not anticipated and had not adequately prepared for. Slovenia's membership can be divided into two parts: the period from accession to the beginning of the financial and economic crisis, and the period of crisis. The latter was, and still is, a time of great trials. Perhaps the worst really is over, but we are still far from a situation where one could safely argue that the European Union is back on solid ground and that the crisis is behind us. We are still struggling with a persistent financial, economic, and even political crisis. We are trying to find an exit, to balance and restructure our economy, and to find new ways to promote growth and create jobs. Just as the accumulation of debt and deficit and the other imbalances in the economy did not happen overnight, every solution will require time. If we had a magic wand, we would have used it.

Political unity and trust are prerequisites for a successful and stable European Union. In such a context, the debate on the vision for the European Union, including on possible federation of its Member States, is certainly important. Whether we agree or not on the final destination, it is a fact that, in order to survive, the European Union needs further deepening. What is important in this context is the approach to such deepening: will it be based on the community principle or on the intergovernmental method. It is no secret that cooperation based on the community principle is essential to protect the interests of 'low-weight' countries. Generally, the states that were members of the Union before Slovenia's accession are well aware of this, while in our country such awareness has not yet developed.

There is another inescapable fact: a well-functioning monetary union and

the survival of the common currency will probably be decisive for the very survival of the European Union, which today stands at an important crossroads.

As far as the formation and effectiveness of monetary unions is concerned, economic theory is clear: monetary unions can be successful only if (1) there is full mobility of workforce between their members, (2) the economies of the countries sharing the currency are similar in structure, (3) there is significant trade between its members, and (4) both a public finance union and a transfer union are established between the countries. The latter is of the utmost importance, since by adopting a common currency the union members surrender their independent monetary policy, which means that they cannot devalue the currency or print money in order to boost growth in times of crisis.¹

While I honestly believe the above, I am also very well aware that trust in the institutions of many Member States – whether internal, European or those in other Member States – is currently at its lowest point. The equation we have to work out contains more than just the apparent dilemma between austerity and growth, and the apparent self-evidence of advocating growth and new jobs. All this is important; but what people expect above all is to maintain the standard of living to which they have become accustomed. We need to find out how to preserve this standard, while recognising that we might be facing a long period of low economic growth, which means a period during which our macro-economic and social policies will have to be responsible and balanced, and a period when the limitations of our planet will need to be closely observed. The only way forward is to plan the transition to a sustainable economy in the economic, social, and environmental sphere. In this way, we can avoid moving simply from financial into other types of 'credit crunch'. However, the profound loss of mutual trust at all levels can be gradually reversed only by consolidating mutual responsibility and thus restoring and even increasing mutual solidarity.

Hence, in spite of all the difficulties, and to maintain the enthusiasm in responding to them, we should not forget the main reasons that under

¹ See Jože P. Damjan, Delo 29 January 2014, The Union for nice weather.

pin our joint efforts. They were already contained in the original decision to form the European Union, but have changed, or been supplemented over time. Peace, stability and prosperity are, and will remain, the fundamental *raison d'être* of the establishment and existence of the European Union. The deepening of integration led to the consolidation of common values, while increased globalisation brought new reasons for enhanced cooperation within the European area. If current trends continue, it is expected that in mid-21st century, none of today's EU Member States will be among the ten leading countries in terms of economic power. If we want to remain an important player and effectively contribute to development orientations in domains in which the world faces numerous global challenges, we have to strengthen the common European voice and presence.

* * *

How about Slovenia? By simplifying a little, one can describe our expectations during the accession process in the following way: "The European Union will lead to European prices (whatever that means), so it is logical that we will also have European wages (whatever that means) and the standard of living of the more developed European countries." Before accession, Slovenia's GDP per capita was 74 per cent of that of the EU. I remember it well, since our country was entitled to structural funds, the limit being one percentage point higher. Several years into the Union, we exceeded 90 per cent. There was certainly some 'statistical effect' due to the accession of relatively less developed countries (Romania and Bulgaria), but we need to ask ourselves the following question: was GDP growth in Slovenia really caused by a relatively rapid rise in productivity or was it the result of excessive borrowing fuelled by our high expectations.

A recent European public opinion poll asked two questions about respondents' desire to work in other Member States. When asked if they had ever worked or were currently working in another member state, the Slovenes were among the lowest ranking nations, with 7 per cent. However, when asked if they were considering seeking employment in another member state in the following 10 years, Slovenes ranked second highest. In Slovenia, 39 per cent of respondents replied in the affirmative, that is either 'certainly' or 'probably'. If this is a sign of opening to the

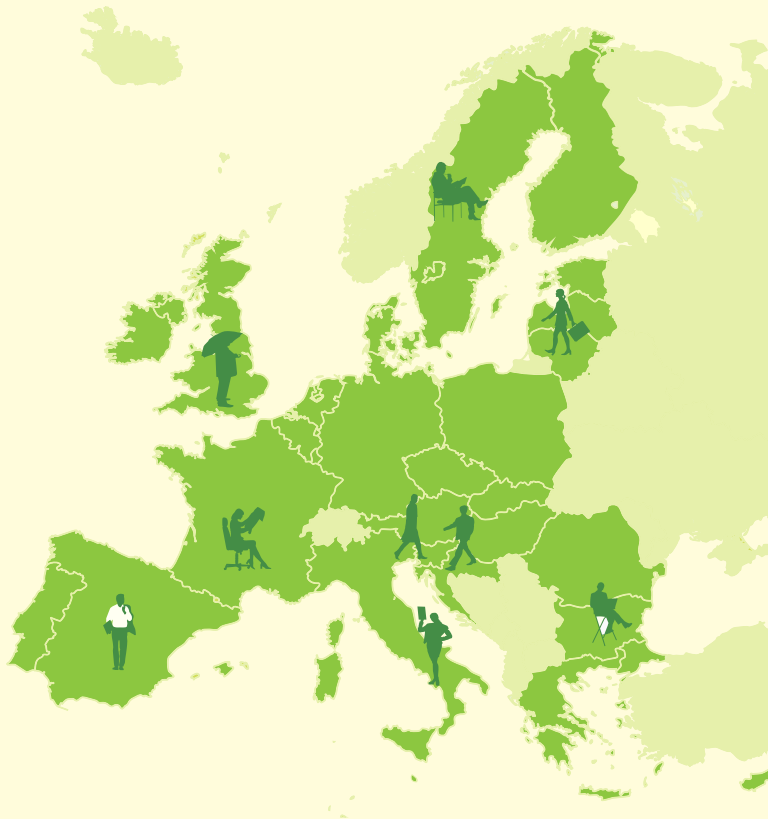
world, which goes hand in hand with people's increased self-confidence, it is a positive sign, but if it means that young people see no prospects at home and that the intellectual core of the nation is considering a future life abroad, then we need to sound the alarm. I am afraid the latter is more likely.

The lesson learned after a decade of EU membership and following the last bitter years is straightforward. Mere membership of the European Union should not lead to the expectation that certain things will simply happen and that everything will be better, especially when the European Union itself is dealing with significant issues of its own existence and development. What we need is hard work at home and a decisive shift towards democratic maturity and the elimination of the irregularities uncovered in recent years. What we need are changes that will raise the competitiveness of the Slovenian economy and strengthen the rule of law, so that it enjoys the trust of people and businesses.

* * *

May 1 2004 was a joyful though not euphoric day in Slovenia. The Slovenian public saw membership of the European Union as a logical step forward on the path of independence and Slovenia's affirmation in the international arena. Slovenia became a member of the European Union – indeed, an area to which it always belonged in terms of its history, culture, geography, and values. By joining the Union, our conviction that we were returning home was confirmed, and the home is worth the effort, even when the going is tough.

Free Movement of Goods
Freedom of Movement of Persons
Freedom to Provide Services
Competition and State Aid
Consumers and Health Protection
Customs Union
External Relations and Development Aid



Vojka Ravbar

Member of the Negotiating Team for Accession of Slovenia to the EU and State Secretary for International Economic Relations at the Ministry of Economic Relations and Development; Executive Director of SKB banka; today Deputy Chief Executive Officer and Member of the Board of Directors of SKB banka.

“The EU is changing, so we must also play an active part in these changes that will affect the future, in our development and our place in the group of the most developed EU countries. Once we have achieved this, our citizens and our economy will feel the benefits offered by the great European market and great flow of knowledge: the possibility of developing while simultaneously preserving our own national characteristics.”

During the accession of the Republic of Slovenia to the European Union, I was a member of the negotiating team responsible for fields which for the most part were the same as those I encountered during my regular work, first as Deputy Minister of Foreign Affairs and then as a State Secretary for Foreign Economic Relations at the Ministry of Economic Relations and Development. I thus found it somewhat easier to actively enter into such a vast array of fields or chapters important for Slovenia’s accession.

The accession negotiations were formally negotiations with Member States, which in practice also included negotiations with the European Commission, since these particularly concerned the adjustment of our legislation to that of the EU. This required the definition of differences/open issues and the search for solutions or possible transitional periods. For me, this meant a continuation of a process, as I had already participated after Slovenia's independence in the formation of our legislation on the economy and international economic relations, and also in establishing economic relations abroad. Since the outset, I have advocated the position that we have to implement a system, a legislative regulation, which is comparable to arrangements in the countries of the EU, which we wished to join. I was of the opinion that a more globally-orientated economy and more open society would have to be built gradually.

I was certain that competition in the domestic market had to be enhanced, which has a beneficial effect on the development of the economy and its competitiveness, not only locally but also in foreign markets, because our growth and development, including a healthy and efficient economy, depend primarily on successful international economic relations.

* * *

At the time of accession to the EU, Slovenia and the Slovenian economy faced numerous challenges, opportunities and traps that had to be defined and analysed, and possible barriers had to be overcome. We were aware that with accession, Slovenia would assume common trade policies, common customs tariffs, common development policies and common rights and obligations in the field of foreign economic relations and international development aid, common rules of competition, state aid, consumers and health protection.

Before entering accession negotiations, Slovenia had already joined the World Trade Organization (WTO) and had thus already harmonised some of its legal norms with international regulations. Further particularities had to be observed during the negotiations. Slovenia had concluded several free trade agreements within EFTA and CEFTA, including bilateral free trade agreements (e.g. with Croatia), and did not want to worsen its economic position with accession.

Despite being a member of the WTO, the negotiations on the chapter on free movement of goods were very extensive and demanding, since attention had to be paid to each individual product. The different standards, regulations and documents necessary for individual varieties of goods had to be analysed, and in the case of differences from EU regulations, a programme – an action plan to adjust Slovenian regulations to EU regulations – had to be prepared. The impact of the anticipated effects, particularly on the economy and consumers, also had to be considered.

The part of the economy already involved in international flows and competition accepted numerous challenges positively, such as the elimination of border controls, common visa policy, facilitated movement of goods, services, persons, capital and knowledge, the system of mutual recognition of professional qualifications, equalisation of educational conditions, etc., and saw new opportunities in them. The remainder of the economy, which was more focused on the domestic market, saw new traps and problems to which it would have to adjust. Throughout the negotiations, we thus stressed that we had to be preparing, and be prepared for, challenges, because the more prepared we were, the better our chances of success. And it depended on us to what extent we would take advantage of them.

* * *

If, relating to the free movement of goods regarding which we already had certain free trade agreements, we accepted the competition and more open market, this was much more difficult in the movement of services, capital and public procurements. The part of the economy which was quite protected in these fields wanted to maintain its position for as long as possible (to preserve the current state without proper competition; to acquire business deals in the domestic market according to 'domestic' terms; to expect support from the state – state aid in fields where we were uncompetitive; to maintain monopolies in the domestic market in certain cases, and similar). A lot of time and energy went into harmonising domestic legislation with that of the EU, as this often required a change in production processes, which frequently meant additional time and costs for companies. In fact, the most extensive and often the most challenging negotiations were at home.

The negotiations with the EU were often technically and professionally demanding or unusual. I remember, for example, a meeting with representatives of the European Commission at which we discussed the impact of certain chemicals/pesticides which in special weather conditions penetrate the soil, affect its composition and have a detrimental effect on groundwater. Such negotiations always involved experts from individual fields, without whom we could have agreed on something which would not have been understood correctly or which would have adverse effects for us, without us even being aware of the fact.

Cooperation between ministries, the Chamber of Commerce and Industry of Slovenia, external experts and all other participants was extremely important. Mutual trust was also important, as the negotiations were conducted very quickly, and only a harmonised team could have followed that tempo and achieve the expected results. The harmonisation of viewpoints between the fields (with other working group leaders and within the negotiating team) was also important, because some questions combined several fields (e.g. questions related to the purchase of real estate and the right to pursue an activity; agricultural products appeared in the chapters on the free movement of goods and on agriculture; the use of the Slovenian language; the question of economic zones; the system of various product controls at the border and within a country; the preparation and control of documents which changed with accession). All of the above meant a lot of demanding and transparent expert work.

The free movement of goods, services (also banking, insurance and non-financial services, e.g. craft, forestry, trade and agricultural, cultural and transport fields, etc.), capital (investment in different activities), persons (possibility of employing all EU citizens and care for family members of employed persons, the recognition of professional qualifications, voting rights, health care and similar) meant improved competition at home and abroad and resulted in increased income for those who were better and more prepared. Competition increased and the common market also grew and was opening up, which meant that consumers had access to a growing range of goods and services from various suppliers from throughout Europe. Also, the possibility that citizens of one Member State could receive education in another Member State under the same conditions as its citizens and that they could find a job anywhere in

Europe must not be neglected.

These changes and adjustments also required modifications to the functioning and role of many ministries and other national institutions; they had to comply with the new EU rules and agreements.

Participation in the negotiations also meant acquiring new knowledge and experience for implementing EU regulations in the local environment and learning for the future co-creation of such regulations within the EU.

* * *

Many of the questions which we encountered during the negotiations for Slovenia's accession to the EU were solved formally, but we still encounter them substantively today. At this point, I would like to highlight our awareness of the significance of transparent work, compliance with agreements, competitiveness in all fields (business and non-business sectors) and the role of state aid. Ours is a small and open economy, with a highly-educated and qualified workforce, which unfortunately does not exploit this sufficiently. Ours is a country which is afraid of the foreign investment and foreign knowledge which would help us to be faster and more successful in our development and when trying establish ourselves in foreign markets.

The EU is changing, so we must also play an active part in these changes that will affect the future, in our development and our place in the group of the most developed EU countries. Once we have achieved this, our citizens and our economy will feel the benefits offered by the great European market and great flow of knowledge: the possibility of developing while simultaneously preserving our own national characteristics (language, culture, clean and natural environment, etc.).

*Free Movement of Capital
Economic and Monetary Union
Financial Control*



Andrej Rant

Member of the Negotiating Team for Accession of Slovenia to the EU and Member of the Negotiating Team for Succession of the former SFRY; long-time Vice-Governor of the Bank of Slovenia, the first Ambassador of the Republic of Slovenia to the OECD; today retired.

“The European Union today differs from the European Union of the accession period. European integration is a continuous work in progress. The principles of the *acquis* remain constant but implementation rules are being upgraded by Member States. What has changed in these ten years? The complexity of both the economy and governance. Time is an important element of adjustment in both. In economics, time is money. In governance, time is consumed by procedures. In order to approach the economic value of time, shortcuts began to be used in EU governance by turning to the interpretation of legal rules or to intergovernmental agreements. If used excessively, shortcuts can affect the democratic legitimacy of decision-making. The democratic deficit became one of the important issues at the end of these ten years.”

I participated in the work of Slovenia's negotiating team between 1998 and 2002. My responsibilities in the negotiations included chapters containing financial and monetary aspects of European integration with an emphasis on the freedom of capital flows and on the stability of public



sector balance sheets. These elements are preconditions for a stable and strong single European currency. Those chapters did not require lengthy discussions in negotiations. The conclusions regarding such occupied the least amount of space among the comments on all the chapters in the final report of the EU Commission.

In the field of financial control, attention was devoted to the operational capacity of public structures to properly monitor public expenditures, to protect the financial interests of the Union and to combat fraud. Effective coordination was at the core of the discussion. Raising the effectiveness of monitoring is a continuous job.

The chapter on the free movement of capital was a bit specific. The main negotiations took place during discussions on the association agreement. The so-called Spanish compromise was agreed on. The compromise opened the door for acceptance of that part of the *acquis* in the framework of the general safeguard clauses of the Treaty of Accession. New Member States acquired the right to temporarily protect their national real estate markets in the event of serious disturbances for a period of three years after accession by requesting the Commission to authorise appropriate protective measures. Malta negotiated a special regime for secondary residences. Slovenia succeeded in prolonging the period of temporary protection by four years, until 2011. There was no need to activate this right.

Economic and Monetary Union is the ultimate goal of European integration. Adherence to the aims of political, economic and monetary union is specifically emphasised in the Copenhagen criteria which define the core values the potential candidates have to respect before applying for membership. Central bank independence, the prohibition of monetary financing of states, no privileged access to financing for public entities, adherence to ECB and Stability and Growth Pact rules, the acceptance of economic policy and exchange rate coordination, and ultimately the adoption of a single European currency were among the core elements of the chapter Economic and Monetary Union. Slovenia understood well the essence of immediate application of those rules after accession and incorporated them into the legislation promptly.

At the time of EU accession, the adoption of the euro by any of the new Member States was seen as a distant event without a specified timetable in the eyes of the old Member States. The new Member States had to cope with “catch-up risks” in an environment ensuring the freedom of capital flows. In some cases, their levels of development diverged substantially from the EU average. Nominal convergence of interest rates and the fulfilment of the Maastricht criteria to adjust to the monetary conditions of the ECB were seen as a process in which “catch-up speed”, with its impact on the internal and external balance of the individual national economy, could significantly affect the sustainability of the convergence. The sustainability of nominal convergence also had to be tested by participation in the ERM2 mechanism. In the ERM2 mechanism, the stability of the exchange rate of any new Member State had to be exposed to market forces for at least two years before it was allowed to adopt the euro. During his visit to Slovenia, Otmar Issing, an ECB executive board member at the time, explained in simple words the rationale behind such requirements. Adoption of the euro brings together two good currencies. It is not a merger between one strong and one weak currency.

For the first three years after accession the solidity of the systemic framework in the enlarged European Union seemed to be firm. Accession brought visible benefits to old and new Member States in terms of growth and employment. The weight of the EU in international affairs increased. The speed of integration increased. Temporal expectations regarding the adoption of the euro by new Member States changed, even though the severity of the criteria remained the same. The sustainability of nominal convergence was rigorously observed. Slovenia and Lithuania were the first two applicants for euro adoption². Slovenia alone passed the sustainability test assessed by the ECB and the Commission in the Convergence Report. In 2007 it became the first new Member State to enter the eurozone. Its success was due among others to innovation in its monetary policy approach. The approach also reflected theoretical discussions in EU circles at the time.³

² For Slovenia, see the collection of articles: “From Tolar to Euro”, Center for Excellence 2010, Ljubljana. Editors: Veljko Bole and Landis Mac Kellar.

³ Discussion paper series No. 3064, “Managed Floating: Understanding the New International Monetary Order” by Peter Bofinger and Timo Wollmershaeuser, Centre For Economic Policy Research, London, November 2001.

* * *

But the year 2007 was already marked by disturbing events. The first unease came with Slovenia as a newcomer in the eurozone. For several months the Slovenian central bank remained without a governor following the end of the term of office of the previous one. Governors participate in the Governing Board of the ECB in a personal capacity. The governor is personally linked to the right to vote. The issue in the ECB was treated gently. Another instance of unease came when Slovenia's Minister of Finance evoked the status of Slovenia as a developing country that needed to catch up at an Ecofin meeting. Suspicion emerged in the eurozone that such a statement might signal a policy shift with a risk of inflation outside the acceptable catch-up deviation for eurozone members determined by the Maastricht criterion. Inflation in Slovenia indeed rose dramatically. It took a long time before its real causes were admitted at home.

In the middle of 2007, surprises in the eurozone came from the financial markets. Risks emerging from the subprime credit market and mortgage-backed securities in the US provoked a liquidity drain, forcing the ECB and other global central banks to undertake continuous massive liquidity interventions. "Financial turmoil" was the official term for the events which first upset the financial markets. Subsequently, the subprime credit market in the US collapsed. The bankruptcy of Lehman Brothers followed. The eurozone and the world were faced with extreme global consequences. The main central banks of the world strongly coordinated their actions to prevent financial meltdown. Among other measures, a fixed rate full allotment mode was introduced in the supply of liquidity by the ECB. The terminology changed from "turmoil" to "crisis". Limited first to the financial world, the troubles began to spread into the activities of the real economy. The EU reacted with the European Economic Stimulus Package and financial regulatory reform. The assumption was that the world was in a conjunctural crisis. After a brief respite, the situation worsened. The diagnosis of the crisis became uncertain. It exceeded the known assumptions and routines. The self-sustaining functioning of the economy was seriously hampered. The unconventional mode of action of the ECB and global central banks intensified significantly. The private sector shifted the burden of risks to the public domain. Governments had

to recapitalise some internationally important banks in the EU.

Problems emanated from different parts of the developed world as a source or consequence of contagion from others. The accumulated private and public debt called for deleveraging. The nature of the crisis challenged the established models and truths in the developed world. Rising income inequality as a consequence of the crisis became an intolerable burden on sustainable development.⁴ After six years of crisis, the developed world is still searching for appropriate answers in terms of policy responses. In 2012, OECD Member States launched the NAEC project (New Approaches to Economic Challenges) with the aim to "*improve the understanding of the complex and interconnected nature of the global economy, identify synergies (e.g. between growth, inequality, stability and the environment) and better ways to cope with policy trade-offs*."⁵ The findings will be discussed at this year's OECD Ministerial.

* * *

Two main channels of response to the crisis were present in the EU: strengthened integration processes for political and economic union and the balance sheet adjustment of over-indebted Member States. Time pressure was used in the approach to debt adjustment regarding heavily indebted Member States. Accelerated austerity aggravated the consequences of adjustment due to its impact on fiscal multipliers.⁶ Many doubts in academic circles were expressed regarding the efficiency of such an approach. The sensitivity of the public to academic neutrality increased when it was confirmed that the evidence-based support for such policy contributed by respected researchers was flawed.⁷

Policy coordination, the link between sovereign and bank ratings and the fragmented financial market were the most visible weaknesses of the eurozone. Decisions to address these issues were taken and are in the implementation phase. The main new tools are Fiscal sustainability with

⁴ For more on inequality, see "The Price of Inequality", Joseph Stiglitz, W. W. Norton, New York 2012

⁵ <http://www.oecd.org/naec/objectives.htm>.

⁶ See: IMF <http://www.imf.org/external/pubs/ft/wp/2013/wp1301.pdf>.

⁷ See: "Reinhart and Rogoff publish formal correction", Financial Times, 8 May 2013.

the “golden rule” in national legislation, *ex ante* coordination and review of national budgets, the European Semester with the annual Macroeconomic Imbalance Procedure, the level of public debt as a trigger for the excessive deficit procedure, and Banking Union with a single supervisor and single resolution mechanism. Bail-in procedures as part of the resolution mechanism for banks will attempt to address the “too big to fail” problem, eliminating as much as possible the transfer of risks from the private to the public sector in the future. The EU will be the first to introduce such an approach in the world. Important details in the implementation phase still need to be discussed.

* * *

Slovenia took part in all these decisions in accordance with the weight it has and using possible alliances within the EU. As an EU and eurozone Member State, it is obliged to implement them. Progress in implementation is monitored and assessed by the institutions of the European Union. The decisions were prepared and have entered into force over a long period of time since the outbreak of the crisis. The difficulties in Slovenia were similar to those in a number of European Member States. In the crisis, capital is in search of safety. Economic safety in a small country is less than in big ones. Worries increase if an adjustment for imbalances is lacking. As a consequence, it returns to the location of its origin. In recent years, a significant net repayment of credits from Slovenian banks to foreign banks was a signal of concern. Net bank outflows were substituted by liquidity with longer duration from the ECB and by state debt. Global tensions put the European Union into a defensive position in the world and raised speculation about the longer-term viability of the eurozone. In the global mess, Slovenia became confused. There were numerous stakeholders with different interests. The cacophony of their messages did not contribute to better understanding of reality by the citizens. In the end, the citizens turned to protests. Now, Slovenia has faced itself and has a better understanding of its deficiencies. Corrections are painful and need skilful management. The lack of such knowledge is significant.

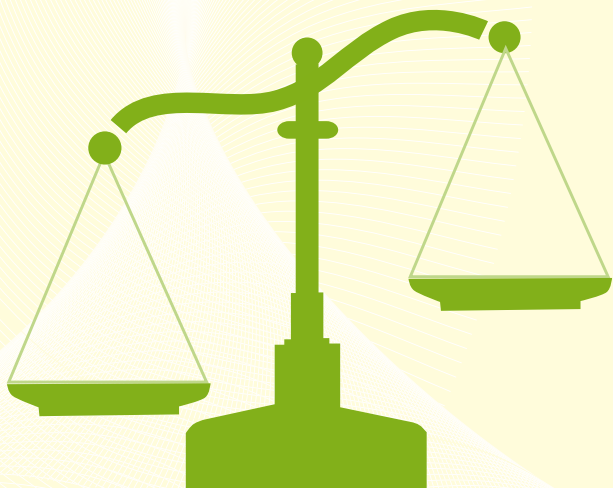
Not only EU institutions evaluated the actions of Slovenia. Findings regarding the status of structural reforms in Slovenia in the OECD publication “Going for Growth” signalled “no progress” to the outside

world for a prolonged period of time. The decisive event breaching the confidence of the outside world was the rejection of the pension reform in 2011 at a referendum. Foreign investors expressed their opinion by means of the interest rate spreads for public debt. It is encouraging that in different policy fields the direction of many arrows in the recently published “Going for Growth” OECD publication switched to upwards, signalling “progress” and that the spreads finally dropped. In the European Union, the responsibility of each Member State is to keep national macro balances in order by itself. Asking for solidarity triggers a transfer of responsibility to the EU level. Slovenia lost control over the time for adjustment. It still has control of the structure of measures.

* * *

The economic situation and unemployment issues are the top concerns of European citizens, either in their national environment or on the EU level. According to the autumn standard Eurobarometer surveys, at the end of 2013, 51% of EU citizens were optimistic about the future of the European Union. At the same time, 66% of EU citizens responded negatively to the question of whether their voice counts in the EU. Their trust in institutions is low. The European Union nevertheless enjoys greater trust (31%) than institutions on the national level (national governments 23%, national parliaments 25%). When awarding the Nobel Peace Prize in 2012 to the European Union, the Nobel Prize Committee saw the EU as a “fraternity of nations”. Citizens of the European Union seem to have the same perception. Europeans put their nationality before their status as European citizens. The autumn 2013 standard Eurobarometer shows that 59% of European citizens feel European, with a declining tendency. But if one does not take into consideration those who feel so only “to some extent”, the remaining percentage of those who “definitely feel European” is only 20%. Leaders in the European Council are concerned about the democratic legitimacy and accountability of decisions at all levels on which they are taken. Reinforced cooperation between national parliaments and the European Parliament should ensure more of this. The forthcoming European elections invite European Union citizens to increase the recognition of their voices in the community they live in.

*Company Law
Science and Research
Education and Training
Culture and Audio-Visual Policy
Justice and Home Affairs
General and horizontal legal issues in negotiations*



Miro Prek

Member of the Negotiating Team for Accession of Slovenia to the EU, Deputy Director and Head of the Sector for European and Comparative Law at the Government Office for Legislation; State Under-Secretary at the Government Office for European Affairs; today Judge at the General Court of the EU.

“The EU is potentially the most important factor of stability in modern Slovenian history. Without it as an anchor which keeps us in the area of influence of modern Western Europe and which prevents us from excessive oscillations, we would fare much worse.”

I gladly accepted the invitation to write a couple of phrases about one of the most interesting periods of my professional career. The negotiations gave me the opportunity to profoundly examine the legal problems of Slovenia's EU accession, both from the perspective of the domestic and European law in all the negotiating chapters.

I cannot assess how the situation has developed in the last decade and what it is today. I do not have enough information to make a valid evaluation, while my current function imposes to exercise restraint in giving opinions on the internal issues of member states, including one's own country. I rely on the sources, available to the general public; therefore, my opinion is not much more informed than that of any other citizen. The most I dare to say is that the problems we faced ten or more

years ago are still troubling us today and are likely to persist for some time. I leave the reader to judge whether this is due to the persistence of problems inherent in any system or a Slovenian peculiarity.

What can be said after ten years? We must be content that we took the right decision by voting for EU accession, by a large majority, in the referendum. The fears that gripped us (and were being instilled in us) ten or more years ago – that we would lose our hard-gained sovereignty, that our national identity would fade and be lost as the first among the many victims of integration processes, that Slovene would join languages facing imminent extinction or that our land would be snapped up by foreigners – have proven to be exaggerated, although not utterly unfounded. Indeed, the opposite is true: the EU is potentially the most important factor of stability in modern Slovenian history. Without it as an anchor which keeps us in the area of influence of modern Western Europe and which prevents us from excessive oscillations, we would fare much worse.

Would we negotiate differently if we were at the negotiating table today? Perhaps we would not be in such haste and would prepare more thoroughly – for our own sake, not the EU's; unfortunately, we did not take the full advantage of momentum and energies accumulated during the negotiations. If we had insisted then on more thoroughgoing reforms throughout the entire spectrum of state and society in general, our present situation would very probably be considerably better. If we had taken a break and made some additional useful (and thus not just necessary) changes, made certain improvements and prepared better for operating in the EU, we would be in a better position today. If only.... We were in a hurry; the project was of a 'national importance', and any loss of *élan* could have been fatal. Or so we thought.

Little may be gleaned about the problems and the situation in the fields discussed from documents from that period. Why is that? They were not intended as a (critical) analysis of problems in individual areas, but to provide answers and to convince, to help Slovenia become and remain a credible partner, able to honour future commitments arising from the common European legal order. Nevertheless, do take a look at the documents from those glorious times that describe the then existing situation and our plans to improve it! Were we fooling ourselves then, or

are we now? I believe that ten years ago we acted, as we do now, in good faith that we would change the situation for the better. I am confident that we succeeded. And yet, how can we still be facing problems that we identified over a decade ago and pledged to eliminate them before joining the EU or soon after? The explanation may be that today we know much more than we did a decade ago, the problems have become more complex and multi-layered, and it is harder to decide upon them since we are aware of the shortcomings.

* * *

During the negotiations, both the content and form were relevant, the procedures and organisation having been equally important, while the knowledge and work invested were decisive. In this process, we became better acquainted with 'Europe' and, simultaneously, with ourselves: the mirror held up to us by Europe in specific areas reflected our many shortcomings and quite a few advantages.

I can say that all the negotiating chapters under my responsibility were difficult, although they can hardly be compared in terms of the number and complexity of the challenges that needed to be addressed, the effort and knowledge required to analyse potential future commitments, the domestic situation, and the wide gap between what is urgent and what desired, between the feasible and the ideal. If there are discrepancies already in the formal salient points, are not substantive differences even greater?

Although the chapter on Company Law was technically demanding, no major difficulty in the negotiations arose, since the national legislation was aligned with the *acquis*. This legislation, drafted in the early 1990s, was considered to be relatively good and modern, and to a large extent aligned with the relevant EU legal acts. Immediately before accession, it was deemed that Slovenia had fulfilled most of the negotiating commitments on company law. The problem at stake was the highly delicate question of harmonisation of our legislation on patents with the demands of the 'opposite side' (interestingly, the opposite side were not other Member States, but pharmaceutical companies, multinationals and their associations) and the protection of rights of the patent holders.

During the negotiations, we encountered considerable pressure regarding industrial property law issues, leading to the dissolution of the united front of candidate countries which had formed at the beginning of the negotiations, with individual countries withdrawing one by one (Slovenia being the last among them). Finally, in the Treaty of Accession, the EU proposed a special solution on supplementary protection certificates.

Negotiations on the chapters on science and research and education, training and youth were completed very quietly, because neither Slovenia nor the EU had any special demands in these areas. Slovenia undertook to foster research so that new technologies could be transferred to small and medium-sized enterprises, and to enhance links with the private sector in science and research, especially with the transfer of knowledge and experience. At the time, Slovenia was successfully included in the 5th Framework Programme, and joined the 6th in October 2002.

In the field of education, there was a high level of convergence between Slovenian and EU educational policies. Moreover, the Treaties at the time did not provide for the unification of educational systems, but stipulated only the fostering of cooperation between Member States without the harmonisation of their laws and regulations. In 2003, Slovenia was already included in Community programmes, such as Socrates, Leonardo da Vinci, and Youth. All the necessary financial and institutional conditions were met, enabling full integration into second generation programmes.

Slovenia demanded a transitional period in only one of the above fields, i.e. culture and audio-visual policy. The initial stance in this area was extremely self-confident and determined, but it later transpired that the dangers do not stem from abroad, but from home.

The scope of culture and audio-visual policy is much more extensive than that included in the relevant EU *acquis*. Slovenia attached the greatest importance to questions relating to the use of the Slovene language in cultural production and the protection of cultural heritage. One of its major positions regarding culture was that, on the day of accession, Slovene would become an official language of the European Union, in accordance with the principles of preserving the cultural identity, equality of European cultures, the cultural autonomy of nations and the principle

of equality of Member States.

Slovene is the official language in Slovenia and one of the official and working languages of the EU. We did not have to fight specifically for this, at least not with the Union; it is true that proposals have been heard that for the sake of efficiency some other working method should be devised for EU institutions, e.g. with only three working languages, but such proposals were never tabled during the negotiations and therefore could not be addressed. Besides, the Slovenian side never intended to renounce the use of Slovene or to agree to a less favourable status of the mother tongue – the latter was a frequent reproach heard during the negotiations, sometimes labelled as treason or servility. Formally, at least, the Slovene language has never been threatened by the EU, but it was threatened by linguistic fundamentalists, who, in a Procrustean manner, try to force the living language into a mould in their aseptic laboratories that have nothing in common with the life and natural development of the language, and especially with its promotion and attractiveness, which lies in its expressiveness and the linguistic competences of its speakers.

The situation of culture at large was similar. At a very early stage of negotiations, it became clear that a 'Slovenian exception' based on the French example was not likely to be granted, so we did not particularly stubbornly insist on the matter; even if we had succeeded, it would have been a hollow victory, as such an exception could not be put into practice. The situation – including in this field – depends primarily on us alone. In the end, the decisive factors are always our own relationship to the fundamental issues of our national and cultural identity, the relevant policies in the area, and in terms of hard politics the allocation of budgetary funds for different priorities.

Of all the areas under my responsibility, that of justice and home affairs was the most demanding, exhausting and intensive, although we did not request any transitional periods or derogations. Why?

The EU legislation was relatively scarce in this area as well, and most of our efforts focused on building the required infrastructure – establishing and developing institutions and their interconnectivity, so that Slovenia could successfully function as a Member State which, besides its numerous own

concerns, would take control of a considerable portion of the EU's external border. So what was happening in this, in my opinion, most difficult negotiating chapter? Frankly speaking, I was fortunate, especially in the area of home affairs: due to the excellent level of preparedness, exemplary organisation and follow-through on all the commitments made during the negotiations, these remain among my dearest memories, in spite of the many problems encountered. One of the main reasons may be that, in terms of available human resources, their competence, allocated funds and the given time frame, these tasks initially seemed too ambitious for Slovenia to successfully attain them.

In the area of justice, there were fewer reasons for satisfaction and more reasons for concern: human resources were obviously scarce, even to the point of despair. It also lacked the (almost military) organisation, the proud boast of colleagues dealing with home affairs, which could have compensated for certain shortcomings. Even so, we managed to complete the negotiations successfully, especially thanks to the selfless devotion of the few experts in the field.

Someone with an interest in details would discover many interesting pieces of information in the negotiating positions on very important and diverse areas, from migration and asylum policy (the movement and residence of foreign nationals in Slovenia for a certain reason – employment, self-employment, or study, restitution, expulsion, control of the external border, the peculiarities of 'green and blue border surveillance', visa policy, the central information system and data protection), organised crime (judicial and police cooperation, the fight against drugs, fraud and corruption, suppression of terrorism) to international cooperation (legal cooperation on criminal and civil matters, international police and customs cooperation).

Let me conclude by mentioning the drafting, adoption and final implementation of the Schengen Action Plan, which resulted in accession to the Schengen area on 21 December 2007. The internal borders were abolished, at least symbolically and in terms of border controls. In this context, I have to underline Article 35 of the Treaty of Accession, which provides for partial financing of the relevant tasks from the EU budget.

Most of the tasks that were relevant ten years ago are still relevant today. Certain observations from that period are outright surprising when seen from today's perspective: the more things change, the more they stay the same. Perhaps not so much the negotiating chapters themselves, but this is entirely true for problems discussed during the negotiations and immediately before accession under headings such as fulfilment of membership criteria. In this framework, the situation in the judiciary (various types of court backlogs and programmes for their reduction and elimination, denationalisation procedures, etc.) was continually on the agenda.

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Ten years after accession, I have no answers to questions about the areas under my remit in time of negotiations. But I do have questions that I keep posing to myself and others when speaking about the European Union and Slovenia's place within it; my list of questions, not even of the pertinent ones, is not at all exhaustive. Why questions instead of answers? Primarily because I am sure that there are no definite answers to any of the questions relating to the EU: we face a process of continuous questioning about the Union, about us in the Union and about ourselves, about what we perceive as a problem and what we consider a solution. (Self)reflection and a tolerant and joint search for answers form part of the European tradition and any democratic society, including Slovenia (I hope Slovenia in particular). We will see that the problems are quite similar to those of a decade ago.

What about company law? The EU stipulates the basic terms of company organisation and operations, but it does not have a direct influence on the business environment. This remains mostly within the hands of each member state. Are there any valid criticisms regarding intellectual property law (industrial property and copyright) or are the problems less of a legal and more of a practical nature? What about the collective administration of rights; is it a problem at the EU level or does it concern Slovenian entities? Could it be solved by legal regulation or by a change of practice, and on which level, the European or national?

Why do certain pharmaceutical companies, which faced constant

reproval during the negotiations, remain highly successful despite hyper-regulation in Europe and fierce competition not only from other Member States, but also from the other side of the Atlantic? The law is important, and respect for the law considered a value; all the pressures in this area came in the form of demands to amend the relevant legislation; and amended legislation results in the possibility of enforcing the rights. The area of patent protection for medicinal products was the 'bloodiest', with enormous financial stakes and interests, and incessant lobbying activity at all levels, especially exerting pressure on institutions, which were not always able to resist them. Is the present situation satisfactory? Are the prices of medicines linked to the results of these negotiations? Are they appropriate or could they be lower, and who is paying for the difference? Is this a question for Brussels or for us alone?

How many 'Slovenian' Community trade marks are there? Are there enough or could there be more? Why are there not more?

Most of the tasks that were relevant ten years ago are still relevant today. Certain observations from that period are outright surprising when seen from today's perspective: the more things change, the more they stay the same. Perhaps not so much the negotiating chapters themselves, but this is entirely true for problems discussed during the negotiations and immediately before accession under headings such as fulfilment of membership criteria. In this framework, the situation in the judiciary (various types of court backlogs and programmes for their reduction and elimination, denationalisation procedures, etc.) was continually on the agenda.

Do you believe that the reams of both European and domestic regulations are intended to serve you or the armies of bureaucrats at home and abroad, who often seem to resolve the problems of a hypothetical person, bearing in mind the benefit of millions of potential beneficiaries of different freedoms and free movement, while neglecting the specific person who needs more than just a ticket to travel in the Union without borders? Should this issue be tackled by Slovenia or the EU? Perhaps you can contribute to finding a solution.

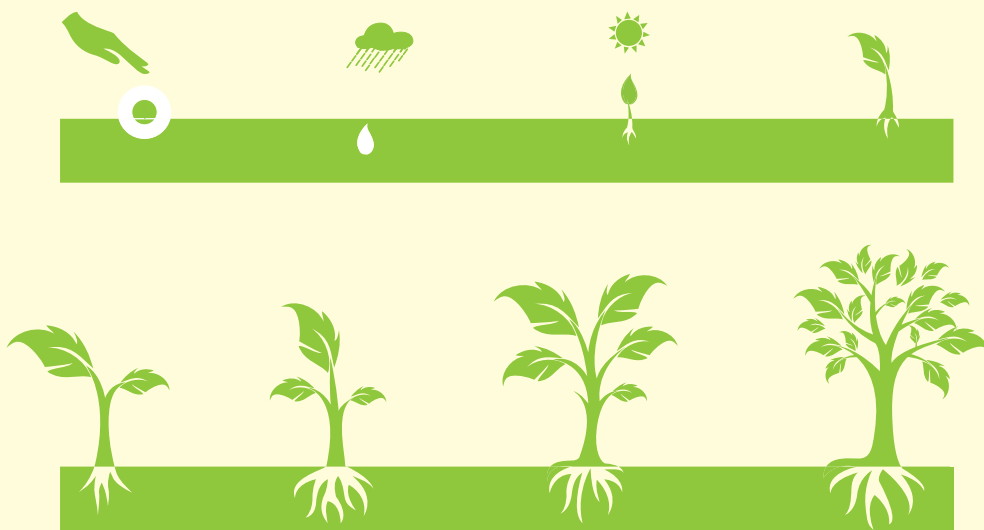
Are you satisfied with the facilitated travel around Europe? Do you

like passports? Do you agree with the visa arrangements? What is your opinion on the issue of immigrants crossing the Union's external borders and the relevant EU and Slovenian policies? Do you know how asylum-seekers are taken care of?

Is corruption a problem? Do you have enough information about problems in the judiciary, for example? Do they concern you at all? When will they be eliminated? Who is going to do that?

Questions, questions, questions. Sometimes these are more important than answers.

*Agriculture
Fisheries*



Emil Erjavec

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“Slovenian agricultural policy is conceptually following the course set in the accession negotiations. The problem is to what extent do we wish and are able to actually develop food production and also follow social objectives in this field. We lack the courage and knowledge for a qualitative transition, regardless of the fact that these issues are frequently discussed.”

The accession of Slovenia to the European Union fundamentally changed the legal, economic and political framework of agricultural policy and thus conditions in agriculture. The process could be denoted with a neologism, ‘refolution’, which combined the characteristics of reform with radical, almost revolutionary changes in the public and political structure of agriculture. The accession negotiations were the key foundations and a training course on change.

The negotiations and dealings with European matters also had a personal note. They shaped the personalities and careers of many persons involved, particularly possibly of the ‘negotiators’, who rather than negotiators, were coordinators and mediators of change. The period between 1998

and 2004 was a period of enthusiasm, mutual cooperation and a personal testing. The stories about that time have a particularly personal note, due to which may lend them an unduly narrow perspective, which, due to the complexity of processes, is not necessarily the most objective, but nevertheless testifies to the role of individuals in such key social changes.

I was probably appointed to the negotiating team due to my research activities involving European and Slovenian agricultural policy. My post-graduate mentor was the main analyst of accession effects in Austria. After my return from Vienna, my colleagues and I were breaking new ground in comparing and analysing the expected changes, and we brought European stories into the public sphere. We expected that accession to Europe would present a serious economic and political problem for Slovenian agriculture due to the fragmentation of holdings and size structure, unfavourable natural conditions, higher prices and incomparable agricultural policies, which on the other hand could also be an exceptional opportunity for the modernisation of agriculture and agricultural policy. The opinion of the agricultural public was divided; most expressed fear about the effects of accession, although there were some positive views.

At the time, it was self-evident that the most suitable individuals should be appointed for such national issues, regardless of where they were employed or if they had any political pedigree. The latter was even thought of as a bad reference, as governments changed and the negotiating team would have to be permanent over a period of a few years.

The European minister at the time appointed me to the team on the basis of my research and public activities. Due to the political sensitivity of this question, a State Secretary from the line ministry, Franc But, was also appointed. The two of us were thus appointed for agriculture, with clearly defined competence for the search for synergies between political and strategic interests, and later also between diplomatic and tactical interests. When Franc But became Minister of Agriculture, the team was joined by Iztok Jarc, who contributed his European and diplomatic experience. A trio thus took the helm who, with an enthusiasm for working for the public good that is nowadays difficult to comprehend, completed the agricultural boat and sailed it over all the reefs of the accession process.

It was a great project, in which more than 250 people participated, at least 25 on a daily basis over a period of six years. The story of accession is also their story; unfortunately, many have left the state administration. We just managed to formulate and communicate the story to Brussels, and particularly at home. It was necessary to assume and implement more than 4,000 regulations in the field of agricultural policy, veterinary medicine, phytosanitary matters, fishery and other smaller areas, to build and set up institutions to implement this policy and to implement substantive reforms to facilitate entry into the new environment and train stakeholders on the production and consumption of food. In addition to several key officials from the Ministry of Agriculture, certain individuals from the academic field had an important role in the integration process, and significantly contributed to the quality of decisions and accession documents.

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The accession process can be divided into three periods, each with a different focus on tasks and activities. The first, from the summer of 1998 until the end of 2000, was a period of defining new legislative frameworks, establishing new institutions and upgrading existing ones, and defining the strategic framework of changes in agricultural policy. The second period, between 2000 and 2001, was focused on ensuring the budgetary framework for agriculture and rural development. At the time, most legislation was already integrated into Slovenian legislation, thus completing the negotiation process. Intensive preparations for accession then took place. Institutions had to be set up and implementing rules had to be prepared before accession.

The transposition of legislation was based on the need to have an excellent understanding of European regulations and then on the most rational search for implementation solutions. The role of the Ministry of Agriculture had to be defined anew and upgraded. A few complications and conflicts within the Government arose, which also became known to the public. At the time, the Ministry of Agriculture did not have a decisive role in many fields important for understanding European agricultural policy and it was also understaffed. Powers were divided and unclear, while the legislation required the appointment of one responsible

institution and a clear line of management. Particularly topical were the questions on who was to implement the market price policy and the supervision of veterinary medicine or food safety, and how the transfer of funds from Brussels would be implemented. Replies had to be submitted to the European Commission upon reviewing the legislation, which then became obligatory and were written down in the negotiating positions. From today's perspective, when decision-making is indecisive, interest-driven, bureaucratised, uninventive, it is difficult to understand that it was possible to reach clear decisions on new institutions, transfers of power and additional budgetary commitments in a relatively short time under the pressure of the negotiations.

My view is naturally subjective, due to my participation in the decision-making, but still, at the time it was possible, although not easy, to adopt and implement an expert solution quite quickly, irrespective of who had submitted it, as long as it was rational and suited the European perspective. The democratic structures at the time were perhaps 'not developed enough' or perhaps politicians then cared less about their own benefit and more about the country. Perhaps we truly need an example in order to function properly. Nevertheless, the current legal and institutional organisation of agriculture is based on the solutions of that time.

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The most strategically important and also the most original decision from that period was that Slovenia was to begin an early and thorough reform of agricultural policy to facilitate a softer landing in the competitive European market, better budgetary yield in accession negotiations and also to appease loud anti-European voices in the agricultural sector. The reform was to bring about a gradual introduction of measures of the common agricultural policy, i.e. a simulation before the accession. This would also enhance the construction of institutions, accustom farmers and other stakeholders to new instruments, compensate for a loss of profits due to the fall in prices because of the opening of markets and provide fundamental content in accession negotiations. The basic cost was a considerable (at least doubled) agricultural budget and a substantial increase of staff at the Ministry of Agriculture. The concept - which originated in the academic sphere and was supported and assumed by all

the deciding stakeholders - was actually the greatest experiment that any candidate country had implemented in the field of agriculture.

For the most part, Slovenia successfully implemented the reform and thus significantly influenced the favourable results of the accession process. The European Commission, which was the main partner in the accession negotiations, received a signal that this country was serious about agriculture. The discussions on whether we actually understood what the European process in the field of agricultural policy required from us were superfluous; instead, we were able to discuss the fundamental negotiation issues, i.e. providing equality for domestic producers and, with certain measures, preventing the accession from significantly limiting the development of agriculture. The implementation of measures comparable to the common agricultural policy before accession later became a model for candidate countries in the Western Balkans (with the exception of Croatia), which is still being introduced today with different degrees of success.

A special element of the accession process was the continuous and thorough informing of European partners (Commission and Member States) on the processes and accession questions of Slovenian agriculture. Efficient diplomatic channels were established through which special attention was paid to the formation and presentation of arguments. All information and data were centralised through the line ministry and negotiating team. Test practices were held before key presentations in Brussels, where even the highest representatives of the Ministry had to practice in front of an audience. We simply wanted to do our best to represent our country; we wanted to do something good. The key work in making contacts and making arguments was done by both colleagues from the Ministry with their colleagues. Slovenian agricultural diplomacy was born, and is now the foundation of European relations in this field. With the intense work of the negotiating team, the line ministry itself invited and visited representatives of the Commission, Member States and European Parliament, because the external stakeholders held many stereotypes of how undeveloped Eastern agriculture would flood European markets. When we took them to our farms in the mountains and also suitably refreshed them with good food, which was a pleasant but important (and covert) part of the business, they were assured that

Slovenia was part of another Europe (but is it still?).

With the reform of agricultural policy, and the adoption and beginning of implementation of legislation in all other fields and the reorganisation and upgrading of the Ministry, Slovenia, unlike the majority of other candidate countries, started the last year of negotiations without the burden of legislative adjustment. A clear signal was given by the Government and the head of the negotiating team: now is your time; you have all the necessary resources. Try to close the chapter on agriculture on the technical level before the final phase of political negotiations in which Slovenia's priority will be to improve the unfavourable financial situation, which occurred due to the discussion of Slovenia on cohesion funds.

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The last year of negotiations did not begin well. The European Commission was negotiating with ten countries simultaneously, and offered a relatively low funding for the common agricultural policy, with a gradual raising of direct payments from 25% of the European level, and low values of production and reference quotas, some of which were even below the relevant numbers. Production quotas determined the permitted extent of production, and reference quotas the extent of budgetary funds. Our model calculations developed for this purpose showed that a substantial reduction in the revenue of Slovenian farmers would occur if the Commission's proposal was realised. The key issue was that the Commission considered the candidate countries as a uniform group, i.e. as if negotiating with the largest, i.e. Poland, regardless of their differences, while relying on the fact that the candidate countries would compare and compete with each other on which would be able to profit most, which is politically understandable, but a professionally incorrect and actually degrading approach; however, there is no room for emotion in negotiations.

Furthermore, all of Slovenia was classified in wine-growing zone A, perhaps because of the pressure from neighbouring countries, which for the eastern part of the country meant the termination of the current traditional technological procedures, replacement of varieties and similar

unnecessary changes that were incomprehensible and unacceptable to the expert public. The issues within the negotiating framework did not end there. National agricultural organisations presented their unrealistic expectations on quotas. They demanded values from the negotiators which Slovenia had never had before and which would be difficult to attain. To illustrate the pressures, it was said at a meeting that willows were already growing for the negotiators along the road to Zagreb. Mean and personal, but that was to be expected. There was a lot of pressure on the negotiators and the process itself from all directions.

We decided on the following tactics: a combination of the utmost professionalism and thorough diplomacy. Additional expert arguments in the form of analyses and studies were prepared for each issue, with which we started the intense technical debate with the Commission. We also enhanced the diplomatic level of communication. The line ministry and the negotiating team pointed out the particularities and effects of the adopted proposals at all levels of communication. The discussions among the public and with the Commission bordered on conflicts; we stressed the political basis and incorrectness of their proposals and demanded special discussions and the inclusion of experts from the opposite side. It is difficult to evaluate today whether this was beneficial or not. I, in particular, was sometimes undiplomatic; nevertheless, the end result was that we were heard.

A technical meeting, one in a series of many unsuccessful, was held in mid-October 2002, at which the opposite party suddenly revealed quite grim faces after Slovenia had hosted José Manuel Silva Rodríguez, Director-General of the European Commission's Directorate-General for Agriculture; prior to that, we had visited Franz Fischler, the Commissioner for Agriculture. We gathered that they had received signals from the top permitting them to talk.

We decided in Brussels to prepare a short list of demands on the spot and hand them over informally. In a well-known pub, 'Wild Geese', located next to the Directorate-General for Agriculture in Brussels, we made two lists of demands, i.e. minimum and maximum requirements for all key issues, which were harmonised between the line ministry and the negotiating team. A few days later, Minister But submitted them

informally to the European Commission. We did not expect that this would almost end the negotiations.

A week later, we arrived at Brussels to start final negotiations with the Danish Presidency; colleague Jarc and I almost fell off our chairs when the opposite side read out our maximum requirements as their offer of negotiating demands. Due to our efficient past work, the political part of the negotiations had ended before it had even started. The fact is that all the demands were realistic and that the opposite side, which expected problems in agriculture, needed a success story.

In the accession negotiations on agriculture, we achieved almost everything, and perhaps even more, than expected. It may sound cynical, but we were 'permitted' to pay direct payments in the first years almost at 100% of the level of payments made by current Member States. Only Croatia was later granted that right. Until today we have been unable to obtain production quotas and reference quantities in any agricultural activity. Slovenia has remained in wine-growing zone B, with the exception of the Primorska region, where a strong lobby of certain local producers worked against this decision.

Looking back, the most important achievement of the accession negotiations on agriculture was the volume of funds earmarked for rural development. The amount offered at first was more than doubled on the basis of our arguments and demands by the Commission, which was supervising the process, and in the end, even with the help of Commissioner Fischler. With the exception of Malta, Slovenia obtained the highest amount per hectare of agricultural land and per capita, which somewhat improved Slovenia's net payment position in the accession negotiations. This amount of funds was actually disputed by several Member States and the subject of a special reduction also in recent negotiations on the multi-annual financial perspective i.e. the EU budget. Nowadays, we can again see the importance of the initial financial basis set in the accession negotiations and how it pays off to make an effort in this phase. The majority of other candidate countries did not pay much attention to this piece of the EU budget's pie, while Slovenia, in one form or another, had already implemented most of the key measures before accession, and above all, accepted the concept and argumentation of the

policies.

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The accession negotiations ended in December 2002 without great fanfare. The Polish negotiators were driven along the streets of Warsaw, while we solemnly celebrated in a private circle. How Slovenia appreciates individuals who work for the general benefit was noted when the positive result of the accession referendum was announced. The then Prime Minister approached me in Cankarjev dom and scolded me for negotiating too well for farmers and thus incurring problems for the country. The work had been performed correctly, passionately and with the highest degree of reason, so such harbingers of a different Slovenia failed to shake my positive attitude.

Accession actually changed conditions in agriculture considerably. The market expanded and imports of agricultural raw food materials more than doubled, which exporters were not able to follow, causing the external market deficit to double thus far. Cattle farmers particularly took advantage of the new conditions and began exporting raw milk to Italy and beef to Austria, thus reducing the domestic base of raw material. The food industry was not adequately prepared for competition. In addition to the consequences of the financial crisis and pressures from the growing competition in retail sales, this important link in the Slovenian industry is struggling today. Domestic consumers remain somewhat loyal to Slovenian food, but this traditional connection is slowly weakening.

Slovenia's agriculture and countryside were granted access to about 3.5 billion euros of direct budgetary funds (about half of these were European funds) from accession until today. Such investment in agriculture, which was primarily and only the result of accession to the European Union, was never possible before and will probably never happen again. What are the effects of such grants? Perhaps the most important is the discovery that this replaced the effect of price and production depression. The latter is also the result of the frequent bad weather which has affected agricultural output.

According to the calculations of the Agricultural Institute of Slovenia, agricultural revenue has become greatly dependent on direct grants from

the common agricultural policy and other national measures. In some years, the grants contributed more than half of the combined revenue of Slovenian agriculture. The grants may have a stabilising effect on income, and some have an extensive effect on production due to their support for environment-friendly technologies. Namely, production is not growing, but stagnating. Some branches, particularly pig production, did not respond well to the fierce competition. Grants obtained through the European integration process remain the key to preserving farming in Slovenia and, in some cases, are unfortunately also the sole reason.

Such dependence on grants is a weakness of Slovenian agriculture. Accession has nevertheless triggered a new developmental cycle, reflected in newly realised investments, and the concentration and specialisation of production. In the post-accession period, several hundred Slovenian farms with different specialisations have already reached an enviable level also for the West European average, with which we constantly compare ourselves. There could be still more development, and the funds could be even more target-oriented and customised. But this is not easy, and it is important to know what we really want and how to implement this, even if it is less palatable. I miss a courageous search for original solutions regarding grants which would be more adjusted to real possibilities and needs. Faster development is not to be expected, due to the weak economic power and incoherence of the entire agricultural and food chain and support systems. This is a task for the future.

Slovenian agricultural policy has good results in absorbing European funds – it is one thing the sector does well. In future, more attention should be paid to why and how these funds are granted. Slovenian agricultural policy is conceptually following the course set in the accession negotiations. The problem is to what extent do we wish and are able to actually develop food production and also follow social objectives in this field. We lack the courage and knowledge for a qualitative transition, regardless of the fact that these issues are frequently discussed and theorised. We should stop, review what is being achieved with these measures, and try to obtain more from the extensive funds. Unfortunately, due to the dictates of certain interests, this logic has not been fully pursued.

The transposition of the Community *acquis* on agricultural legislation,

which particularly includes legislation on veterinary medicine and other fields of food safety, was successfully implemented. The question is how flexible are we within the possibilities provided by EU directives and how efficiently do we implement regulations. As in other fields, we have impractical regulations and lack a meaningful understanding of the law and search for the real effects of the prescribed regulations, as if we were afraid of hidden supervisors, the Brussels shadow, and lack the knowledge and strength to do more than just blindly follow the law. Agriculture is not an exception; however, there are even more sad stories, such as in environmental law.

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Agriculture is certainly one of the success stories of European integration processes. Negative forecasts about the fall and end of Slovenian farmers proved wrong. However, conditions in the food market are not excellent. We were unable to develop an efficient and integrated agricultural and food chain, which is the modern concept of managing food availability. Without this concept, budgetary grants have more of an income and social character than a developmental one. Agriculture is an economic activity which is important for the provision of certain public goods related to the environment, safe food and also socially and spatially balanced development. Similarly to the European level, certain good intentions of agricultural policy are in the grip of interests which benefit most from the financially rich policy. To conduct agricultural policy: is it better to be guided by these interests than to consider what is really socially beneficial and how public funds can be utilised to the fullest, which is also a theme of other aspects of society? If we want a better Slovenia, we will need some of that enthusiasm, and above all, the wisdom and decisiveness which was displayed during the accession negotiations.

Transport
Energy
Industrial Policy
Small and Medium-Sized Enterprises
Telecommunications
Information Technologies



Cveto Stantič

Member of the Negotiating Team for Accession of Slovenia to the EU, Vice-President of the Chamber of Commerce and Industry of Slovenia in charge of the external economic relations, Marketing Director of HIT Nova Gorica; today entrepreneur and member of European Economic and Social Committee in Brussels.

“As the Vice-President of the Chamber of Commerce and Industry of Slovenia at the time, I was appointed to the negotiating team to represent the interests of the Slovenian business sector. At the time, that was a bold and unique decision of the Government, because there was no room for a representative of civil society at the very top of the negotiation pyramid in other candidate countries. I remember that the EU appreciated this move and even cited it later as an example to other candidate countries.”

A well-functioning single European market cannot be imagined without connected transport networks. Furthermore, mobility and freedom of movement are of key importance for the quality of citizens' life. It is thus understandable that the principles of the common transport policy had already been set out in the founding treaties of the European Community and are still an important part of the Community *acquis*.

EU transport legislation was not unknown to Slovenia. With regard to our geostrategic and transit position, we were forced to adjust to the conditions of international transport before the process of integration with the EU, particularly regarding road, rail and air transport.

In the field of road transport, the key expectation was the full opening of the EU market to our transport operators on the day of accession, including cabotage (the right to transportation on routes in other Member States). At the time, the fast growth of small transport operators (privatisation and restructuring of companies were forcing people into self-employment) was critical in Slovenia, which caused an imbalance between supply and demand and increased pressure on the implementation of services in international transport. Small transport operators in particular were not suitably prepared to implement the demanding technical, financial, educational and social standards applicable in the EU.

Moreover, Member States were afraid of the competition posed by our transport operators, and threatened a transitional period for quite some time, which would have prevented Slovenian transport operators from implementing cabotage also after accession. The negotiations were difficult, but in the end successful for Slovenian transport operators. We were able to fend off the EU transitional period, which was considered one of the greatest negotiating successes relating to road transport.

The main question in rail transport was the opening up of the Slovenian market (free access to railway infrastructure) and a separation of the management of railway infrastructure from the provision of railway transport services. In addition to new legislation, the reorganisation of the state-owned company Slovenske železnice was needed.

The general liberalisation of transport services in the EU has greatly contributed to the improved mobility of goods and persons in the last decade. Unfortunately, the development of infrastructure has not kept pace with the increase in traffic, resulting in frequent congestion, particularly on roads and at airports. The difference in the quality of infrastructure between the western and eastern parts of the EU is still obvious. In spite of the general technical progress, transport systems have not significantly changed since the last great oil crisis 40 years ago. Means of transport have become more energy-efficient, but they still depend primarily on oil and oil derivatives (96%). We have not managed to redirect the transport of goods and passengers from the roads to the railway, which transports only 10% of cargo and 6% of passengers, although, this is the most economic and cleanest form of land transport.

Nevertheless, the common European transport policy is responsible for numerous positive changes which all citizens have experienced in the last decade: the shortening of travel times, significant price reduction in air transport, diminishing the impact of transport on pollution of the environment, fairer and more harmonised tolls, increased safety in road transport (the death toll has halved in the last twenty years), etc. However, many barriers and deficiencies will still have to be eliminated to fully create a Single European Transport Area and to further address the needs of citizens and the business sector, while considering energy and environmental restrictions. Ambitions are high: 30% of road transport over distances greater than 300 km is to be redirected to the railway or waterways by 2030. New technologies of 'clean vehicles' also present a challenge and a great opportunity for European industry, which wishes to maintain its competitiveness.

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We often hear that energy is like blood which runs through the veins of the economic organism. Every blockage ruins the entire system very quickly. Energy shares many common points with transport; in particular, they both contribute significantly to the pollution of the environment, greenhouse gas emissions and climate change.

When starting the negotiation process more than 15 years ago, issues such as the battle against climate change and the promotion of green energy were not as topical as today. The basic notion of energy policies was – still under the influence of the oil crisis – a reliable supply of energy at the lowest prices possible. Slovenian legislation was the least harmonised when opening markets to electric energy and natural gas and when forming and maintaining a minimum supply of crude oil and oil derivatives.

The great expectations that the opening of markets and free choice of suppliers would quickly break up monopolies and lead to price reductions later proved to be quite unrealistic. The lack of available access to infrastructure for transmittance prevented the new participants all around Europe from competing loyally in the market for quite some time. For Slovenia, this meant extensive adjustments which required great and also structural change in the energy economy, particularly in the electric

energy sector. Price discrepancies in electricity (low prices for households), stranded costs, the severe indebtedness of energy companies and technical regulations not harmonised with the European Union were also the subject of negotiations.

For the formation and maintenance of the required 90-day stocks of oil and derivatives, Slovenia successfully negotiated a transitional period of three years from the anticipated accession to the EU. Substantial financial means and time to construct the required storage facilities were needed for the adjustment. At that time, Slovenia had stock for only about 30 days of average consumption.

Today, the establishment of an EU internal energy market seems the only solid basis for tackling energy and climate challenges in Europe. Unfortunately, Member States still find it difficult to surrender sovereignty regarding their own optimal energy mix and interests. The lack of a common development strategy in Europe is more than obviously shown in the uncoordinated conduct of individual countries: Germany decided to close down its nuclear power plants and replace them with wind and solar power, while France still sees its future particularly in atomic energy. New nuclear power stations are currently being planned in Hungary and the Czech Republic, while Great Britain is not so much inclined towards renewable energy sources due to its great reserves of fossil fuel.

Following accession to the EU, Slovenia successfully recast the energy sector, which provided a reliable and stable energy supply at relatively competitive prices in the last decade. Unfortunately, we also lack a clear and long-term vision for the development of this strategic sector. We are witnessing endless debates on the reasonableness of investing in thermal power plants and incomprehensible delays in the construction of hydroelectric power plants on the Sava River. The fate of the second block of Krško nuclear power plant is also uncertain.

Meanwhile, Europe has set itself very ambitious objectives in its battle against climate change until 2020: a reduction in greenhouse gas emissions of 20% (relating to the level in 1990) and a 20% increase in renewable energy sources and energy efficiency, respectively. The proposal for the new climate and energy framework until 2030 already on the table anticipates

a reduction in emissions of 40% and at least a 27% share of energy from renewable sources. However, the fast and highly subsidised transition to wind and solar energy following the example of Germany is not entirely flawless. Higher prices of electric power greatly influence the global competitiveness of European industry. Developments show that Europe will not be alone in its battle against climate change, and it is expected that soon everyone will be caught up in the same competitiveness. The energy map of the world may have been changed by the technological breakthrough in acquiring gas from shale (although ecologically questionable) and the accident at Fukushima, which completely changed attitudes to nuclear power.

So, what can be expected in the next decade? I believe that environmental protection and the desire for competitiveness are not necessarily contradictory. I see the solution in a significantly more energy-efficient Europe, in combining energy networks and in an explicit focus on the development of new technologies, which would ensure Europe a global and technological advantage and new jobs in producing green energy.

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In my negotiating field, the sector of telecommunications and information technologies is undoubtedly the one to have undergone the greatest change and unforeseen technological development. The progress in all fields today depends mainly on information technologies. The Internet and mobile telephony have been the main momentum of change in our everyday lives. Technological and economic pressures were also key factors in creating the European policy of breaking state monopolies and taking a more decisive step towards an open and integrated market in telecommunications services.

Regarding telecommunications and IT, Slovenian legislation was the least efficient in the fundamental principles of liberalising and eliminating the exclusive rights of state monopolies: rights for voice telephony, access to networks, granting licences, the functioning of an independent regulator and tariff system of the prevailing provider, which was not based on the cost principle. In postal services, the monopoly of Pošta Slovenije also had to be limited, increasing the extent of universal services and eliminating

the price discrepancies of postal items. From today's perspective, it may be interesting to mention that Slovenia undertook to privatise Telekom Slovenija in its negotiating positions already in 1998. Further comment on what happened to this commitment in fifteen years is not needed.

The path that the EU has travelled in this time has been marked by changes which could not have been imagined ten years ago. The greatest achievement for citizens was the reduction of the prices of cross-border mobile phone calls. The so-called *Roaming Regulation* has reduced the prices of cross-border calls, text messages and data transfer in the EU between 60% and 75% since 2007. The final objective of the reform is the complete elimination of price differences for hosting in foreign mobile networks by 2016. The battle with persistent monopolies is not easy. Large providers are doing their best to hinder the competition. For example, they regularly prevent the functioning of new telecommunications services on their networks, such as Skype.

Today, the ICT sector generates 5% of the European GDP. Its contribution to growth in productivity in all other sectors exceeds 20%. It will thus undoubtedly remain one of the main accelerators of growth of the European and Slovenian economy in the next decade.

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The fields of industrial policy and small and medium-sized enterprises were quite marginal in terms of the difficulty of the negotiations. Almost no binding European legislation existed for these two fields. For the most part, the recommendations and guidelines which were provided were not difficult to comply with and were already included in our Strategy for Improving the Competitiveness of the Slovenian Industry, programmes and measures to promote entrepreneurship and the Strategy for the Development of Small Industry. Both negotiation fields were rather quickly and smoothly temporarily closed, so I address them together in this short overview.

Relating to industrial policy, the European Union did not attribute much significance to it at that time. I remember that we rather avoided this expression, as it immediately implied a policy of forming 'national champions', following the example of France, to which all experts at the time were opposed. Unexpectedly speedy globalisation overtook the planned restructuring of the European industry, which was supposed to

have been based particularly on knowledge and high technologies. The last decade was thus marked by the relocation of many industries to countries with a cheap workforce. European industry lost 3.5 million jobs in 2008 alone.

The European Commission is placing industrial policy back at the centre of attention in the EU 2020 Strategy and many other documents. A 'Renaissance of the European Industry' is being mentioned, and the opinion that a strong European economy is not possible without strong and dynamic industry is gaining support.

What about Slovenia? Unfortunately, numerous recommendations and strategies for enhancing competitiveness remained on the shelf, unrealised. Even branches such as wood processing and furniture production, in which we had supreme knowledge, a hundred years of tradition and a rich raw material base, were left to perish. The struggle of exporters with the economic crisis further highlighted the importance of the real sector and competitive industry.

Small and medium-sized enterprises have created 80% of all jobs in Europe in recent years. European and national policies thus pay a lot of attention to them, at least verbally. However, we have established in practice that the business environment is still not supportive enough of small enterprises, which encounter unnecessary bureaucratic and administrative barriers, difficult access to financial sources, complicated procedures to obtain European funds, high taxes and inflexible labour market.

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To end this short overview, I wish to emphasise that the development of the fields I have discussed is becoming more intertwined and interdependent. Information, energy and transport networks are key infrastructures for the operation of the internal market, and their convergence undoubtedly creates opportunities and challenges for European industry.

This overview of the period of Slovenia's accession to the EU and the events that followed is the expression of personal observations and experience, particularly from the point of view of an entrepreneur and actor in civil society. I apologise if it is not comprehensive and is, at certain points, perhaps even subjective.

*Social Policy and Employment
Statistics
Regional Policy
Coordination of Structural Instruments*



Igor Strmšnik

Member of the Negotiating Team for Accession of Slovenia to the EU, State Secretary for Regional Development at the Ministry of the Economy; today Secretary at the Ministry of Economic Development and Technology.

“Slovenia did not develop so quickly as to exceed the set limit of 75% of development of the EU and was thus eligible for more favourable forms of aid as a single territorial unit until 2013. When needed, Slovenia recalled the statement from the accession process and enforced the division into two cohesion regions and thereby increased to the maximum the amount of aid from structural funds which it was to receive in the 2014-2020 period. The result of the frozen negotiating issue was, as it were, ‘perfect’”

The 10th anniversary of Slovenia’s accession to the EU is the perfect occasion to reflect on some interesting details of the accession negotiations that are still preserved in my memory and to draw the line under our expectations at the time about the three fields I was responsible for in the negotiating team.

Remembering the six-year period from the beginning of negotiations until accession, I first think of the atmosphere that prevailed in the

negotiating team, which remained throughout the entire 'term' like a well-trained team. While some of us were still acquiring negotiating skills and practical experience around Europe, we obviously functioned convincingly and uniformly enough as a group for the negotiation process to run smoothly and with no special complications.

Multilateral reviews of legislation began according to individual negotiating fields for all candidate countries, for which Brussels officials explained the EU legislation. Slovenia participated in negotiations on regional policy and the harmonisation of structural funds with a 20-member delegation from fifteen institutions, also non-governmental. This was a golden era for the Slovenian administration, since it was given the opportunity to look from the EU perspective into the 'courtyard' of the national ministry. The standard section of the minutes was also the translation of expert terms, thus initiating the formation of the terminology database, *Evroterm*, as one of the by-products of the negotiation process.

The ministries have never, not earlier and not later, invested so much in the education of officials, cooperated and were prepared to listen to expert argumentation. The proposal of a transitional period for implementing the directive against noise was harmonised with employers and the relevant ministry and supported with a survey of affected companies and a study prepared by the research institute. Without solid facts and expert arguments, we could not have established this position.

We encountered 'heaps' of common European legislation in the negotiation process, which was a unique logistical challenge for Slovenia. The European official journals first had to be read and understood, and compared with the arrangements in the national legislation which had to be adjusted and the texts then had to be translated into Slovenian as well. Namely, the candidate countries for accession to the EU were unable to negotiate the amendments of the Community *acquis*. It was pointed out several times at the negotiating table that we would be able to change the club rules once we became members. The Community *acquis* was to be adjusted to, and transitional periods and exceptions were negotiated when the acquisition of the new legislation would have caused too great a shock to the local economy or public finance.

The multilateral review of EU legislation was followed by a bilateral one, at that point it was Slovenia's turn to present its legislation and its compliance with the European legislation. In certain fields, this was quite time-consuming and tiring. The review of social policy and employment took fourteen days in Brussels.

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Work at home followed and the preparation of negotiating positions. We prepared seven positions and four additional clarifications, while the EU prepared three positions for the chapter on social policy and employment. The law in Slovenia had already been partly harmonised with the Community *acquis*, but further harmonisation was necessary in labour law, the equal treatment of women and men, public health, and health and safety at work. The harmonisation of our legislation was implemented throughout the negotiations, as agreed, except in the field of healthy and safe work with physical, chemical and biological agents, where a 3-year transitional period was determined for the transposition of two directives. A survey of the consequences of adopting the Community *acquis* was implemented in companies which were most affected by the two directives. It was established that about one half of the companies would not be able to adjust until accession. The rate among small and medium-sized companies, which experienced most problems due to outdated technological processes and worn out equipment, was even higher (68%). The costs of adjustment were estimated at 250 million euros, and 14,000 jobs were at stake in Slovenia. The majority of companies assessed that they could adjust by gradually replacing production technology, establishing a normal technological cycle in the company by the end of 2005, or with the phasing out of certain outdated technological processes.

The mere adoption of the harmonised legislation was not enough; the country, the future Member State, had to be prepared to implement it. We had to establish suitable institutions and train people to conduct and supervise the implementation. In the field of social policy and employment, we enhanced the staffing and further trained staff not only at the Ministry of Labour, Family and Social Affairs, but also in numerous other institutions.

The accession process created great expectations among the public regarding the effects of our accession. A referendum was held at the end of the negotiations and the general favourable climate was not to be disrupted by the sometimes unpleasant details of the process of adjustment. The possibility of transitional periods had a shock-absorbing effect at home, but it was always met with considerable doubt from the European Commission on the correctness of data and justification of our proposals. Even greater doubt about such proposals was encountered in Member States. Formally, the negotiations were conducted with them and not really with the European Commission, which only managed the process.

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The Slovenian statistics derived from the Yugoslavian ones and were of good quality to begin with. The reliability of data was thus not questionable. It was more a matter of adjusting individual methodologies and classifications and for the inclusion of our data in the databases of Eurostat, the statistical office of the EU. The negotiating position and timeline for adjusting individual methodologies were formed quite quickly for the chapter on statistics, and the Statistical Office of the Republic of Slovenia (SORS) was engaged to provide technical support to Eurostat. The European statistical database, REGIO, includes 53 indicators at national and regional levels, and Slovenia at the time was already able to provide data for 50 indicators. The development of methodologies in Yugoslavia had been the responsibility of the federal institute for statistics. After independence, we faced the challenge of how to form our own knowledge database in this field. Slovenian statistical experts performed this task excellently and on time, as doubts about professionalism in meeting the commitments to Eurostat never arose during the negotiations or later. I vividly remember the horror expressed by colleagues from SORS when I told them about a discussion I had had with an official from one of the Mediterranean Member States who was explaining creative national accounting and its powerful influence on many matters in the EU. I often remember that discussion, and I am glad that Slovenia used expert and independent statistics.

The negotiation process at home was largely open. The positions were

communicated to the public and adopted by the Parliament. The comments of national newspapers and the points of view of individual ministries and social partners were thus quickly submitted to Brussels, which was beneficial to the negotiation process when unified support was expressed and detrimental when individual interests came to the fore in Brussels, although this happened quite rarely. I was among the first to support the Chamber of Commerce's publication and distribution of a promotional poster of Slovenia with maps and a presentation of three new European regions (Eastern Slovenia, Central Slovenia and Western Slovenia) which we were negotiating about at the time.

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SORS and the Ministry of Labour, Family and Social Affairs had strong professional teams which provided good support to the negotiation process. It was quite different with the chapter on regional policy and the harmonisation of structural funds, which involved EU cohesion policy in Slovenia, which was supposed to represent one of the key positive messages in the referendum on accession to the EU. However, little was known about it in our country. The seven-year financial perspectives of the EU, the multi-annual financial framework and operational programmes reminded many people of the planning which Slovenia after independence had abandoned as socialist junk. Few responsible people understood the warnings at that time that spatial planning was important for development, which otherwise was not the subject of common European legislation.

The biggest issue regarding the cohesion policy was not the adoption of the legislation, which was fully composed of regulations and came into force immediately at the accession. The problems were lack of institutions, lack of knowledge, poor culture of cooperation between development policies and a simplistic understanding of partnership and subsidiarity. I can say today that we had problems with fundamental principles of EU cohesion policy, and some problems still remain. This issue was underestimated, and was discussed as a technical issue, while in fact the core of the matter was the basic culture of using public funding. The principles of public procurement, the arrangement of public-private partnerships, the monitoring of the objectives of development policies, the information

system, the transparency of development incentives and compliance with the principles of competition were being scrutinised by Brussels. These topics did not take much time, because these fields were discussed in other chapters. The fact is that we were warned that the aforementioned was of key importance for drawing funds from the EU cohesion policy.

After ten years of drawing European funds, we can no longer plead a lack of knowledge, while other challenges remained more or less the same. The institutions that implement cohesion policy are still unstable, with constant changes in the leadership. We also have problems with the culture of public expenditure, the siting of projects in space, forming harmonised development policies and understanding the principle of partnership.

When preparing for the implementation of EU cohesion policy in Slovenia, we negotiated the establishment of territorial units in the Nomenclature of Territorial Units for Statistics (NUTS). At the time, Slovenia seemed quite exotic, with 192 municipalities which varied greatly in size, but had equal jurisdictions, without regions and with 57 administrative units. The management of local self-government and the state administration falls within the jurisdiction of Member States and was not subject to the harmonisation of legislation; however, we were warned that it would be difficult to manage harmonised development with such territorial structures in the country. Perhaps matters became worse also because the field was not harmonised with the EU. Today, we have 212 municipalities.

EU cohesion policy in Slovenia was allocated to ministries and twelve development regions formed by municipalities as per the Promotion of Balanced Regional Development Act. We determined: the formation of the management bodies of cohesion policy; an authority for disbursing funds and the supervisory bodies at the ministries; the establishment of the national implementing Agency for Regional Development, and the restructuring of the then regional entrepreneurship centres into a network of twelve regional development agencies.

A special problem arose when the NUTS 2 level had to be formed in Slovenia to enable the drawing of the largest amount of cohesion funds. Twelve development regions represented the NUTS 3 level, so the logical

conclusion was that Slovenia would be divided territorially only at the NUTS 3 level. However, the general opinion was that, as a whole, it would soon exceed 75% of the European development level and would no longer be entitled to the most favourable forms of aid from EU structural funds. Since billions of euros were at stake, this question also soon took centre stage in the financial negotiations.

At the beginning of negotiations, the only somewhat more developed area was around the capital of Ljubljana, which reached 108% of the average level of development in the EU; the remaining territory of Slovenia lagged behind in development, reaching only 60% of this average. It seemed that the path to a just solution for including Slovenia in the system of structural funds could lead only through a division in cohesion regions at the NUTS 2 level.

To enhance the negotiation process, the Decree on the Standard Classification of Territorial Units was adopted in March 2000, which ensured Slovenia's harmonisation with the European classification NUTS. At the NUTS 2 level, the Decree determined two statistical units: Ljubljana Urban Region and the remaining Slovenian territory; this classification was included in Slovenia's first negotiating position. The EU objected to this classification, as the division was artificial and the remaining Slovenian territory did not have a gravitational centre. Slovenia prepared a proposal for three cohesion regions (Eastern Slovenia, Central Slovenia and Western Slovenia) with additional clarifications to the negotiating positions, and insisted on the proposal until the end of the negotiations. Unfortunately, Ljubljana did not support this proposal. Brussels simply ran out of arguments for as many as three Slovenian regions. In spite of recalling the then three Slovenian dioceses, international comparisons and the expected growth of population also due to accession, our regions were too small for the new European regulation on NUTS that was being prepared and which the European Commission was harmonising with Member States. The regions were unable to surpass the lower limit of 800,000 inhabitants applicable among Member States at the time. The best we were able to achieve was freezing of negotiations on this issue, which was to continue after Slovenia's accession to the EU and conclude by the end of 2006 at the latest. A temporary solution was agreed on for the 2004-2006 period, according to which Slovenia consisted of one cohesion territory. A unilateral statement was formed about this question, which

was also acknowledged by the EU.

From the point of view of later events, I now think that was the best possible solution. Not only because it was not possible to run our heads against a brick wall, but also because Slovenia was not in a hurry to be divided into cohesion regions at the end of negotiations. It did not develop so quickly as to exceed the set limit of 75% of development of the EU and was thus eligible for more favourable forms of aid as a single territorial unit until 2013. When needed, Slovenia recalled the statement from the accession process and enforced the division into two cohesion regions (Eastern Slovenia and Western Slovenia) and thereby increased to the maximum the amount of aid from structural funds which it was to receive in the 2014-2020 period. The result of the frozen negotiating issue was, as it were, 'perfect'.

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During the accession negotiations, the European Commission and administrations of Member States became acquainted with Slovenia. Alliances with long-term effects were also formed with other candidate countries. In a way, we were competing with them over which would close any of the more difficult chapters first, but in fact, in this sporting spirit, we also built an efficient network for harmonising positions and forming alliances. This aspect was important not only for success in the negotiations, but also for current joint work and functioning in EU institutions.

*The Environment
Institutions*



Fedor Černe

Member of the Negotiating Team for Accession of Slovenia to the EU and State Under-Secretary at the Government Office for European Affairs; today Secretary at the Ministry of Infrastructure and Spatial Planning.

“The clear message was thus formed in the first negotiating position that Slovenia wished to enable its citizens the same level of environmental protection as applied in the EU. The message behind this formulation was that we wished and were ready to assume obligations, but we also wanted to enjoy the same access to financial resources afforded to the so-called ‘old’ Member States. This sounds simple today, but different possibilities were being mentioned at the time, including about different access to resources.”

In 1998, I received an invitation to join the negotiating team as a member responsible for environmental protection. It was not easy. After many years of hard work and sacrifice, I had set up my own company. I knew two things: to become a negotiator in one of the most challenging fields was a great honour and challenge, but it also meant closing down the company, as it was impossible to be part entrepreneur and part negotiator. As a coordinator for the preparation of the National environmental

protection programme and a member of the group which helped the institutional enhancement of the then line ministry of the environment within the PHARE project, I knew clearly what the challenges were and what changes were necessary, and also the degree of readiness for those changes. Yes, I felt some apprehension and uncertainty before stepping into the unknown. In the end, the argument that this was a unique and once-in-a-lifetime opportunity prevailed, since this was a situation in which decisions are evaluated according to different criteria.

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The environmental chapter was the second most extensive one after agriculture. If I remember correctly, the EU environmental *acquis* comprised more than 20,000 pages at first. During the negotiations, this volume increased by another few thousand pages. I still hold the utmost respect for my colleagues from the Ministry of the Environment and Spatial Planning at the time, who boldly tackled the extensive material, so we were able to compare ourselves with other candidate countries. I had been cooperating with some of the colleagues several years before at the former Republic Committee for environment protection and spatial management when we were setting up the environment protection unit. I still remember the year 1987, when we organised a large conference in cooperation with the Slovenian Chamber of Commerce on Europe 1992 and environmental protection in the hall of the former Iskra enterprise.

The first analysis of discrepancies between national legislation and the EU *acquis* was prepared for this conference. We knew that the so-called Maastricht Europe would open its market only to those who complied with environmental protection requirements. We did not imagine that in ten years' time we would be participating in negotiations for accession to the European Union.

It may seem odd now, but initially there were many views on what made a successful negotiator and what successful negotiations were. Can their quality be measured by the number of transitional periods? On what and how would we actually be negotiating? How could we implement change when people said they were aiming for great objectives – but without changes, please. These and other questions quickly received answers. It

was clear early on that negotiations were actually a technically accurate agreement on how to transpose and implement the EU environmental *acquis*, and that such an agreement required familiarisation with the differences and way to eliminate such differences. It was easier said than done. At first, a problem had to be acknowledged, which already raised some issues. The saying, 'We are good - we have no problems' was quite firmly embedded. Similarly, some problems occurred with technically inaccurate and non-binding language, particularly at the beginning. Great effort was needed when reading and correcting first drafts. It was not a matter of incompetence, but that we were simply doing this job for the first time. Routine set in very quickly and the negotiating machine ran smoothly. If familiarisation with the EU *acquis* was still relatively unproblematic, the entire team entered centre stage of the story with a bilateral review of the harmonisation of the legislation.

We used to finish work at all hours of the day at the premises of our representation in Brussels, even early in the morning - not quite the well-paid and lazy officials many assumed us to be. There were many incidents as well. While writing up the minutes of the review on the harmonisation of legislation, thieves broke into the floor below us, and on our way out, we were stopped and registered by the police. A week later, and after the lock had been changed, the police had to be called again. This time it was somewhat easier, as we were almost on first-name terms with the head of the police by then.

We were also concerned about the matter of the number of transitional periods; the first suggestions were quickly formed into Slovenia's basic message: we wanted to join the Union to change for the better, not to maintain, but to improve the situation as soon as possible. The clear message was thus formed in the first negotiating position that Slovenia wished to enable its citizens the same level of environmental protection as applied in the EU. The message behind this formulation was that we wished and were ready to assume obligations, but we also wanted to enjoy the same access to financial resources afforded to the so-called 'old' Member States. This sounds simple today, but different possibilities were being mentioned at the time, including about different access to resources.

We learnt a lot during the negotiations: among other things, that the right

of other countries to be concerned about nuclear facilities was generally acknowledged and that fear can be eliminated only by facts based on science, and that all Member States have to be convinced during the negotiations, not only a few. I still remember a red flag from one of the countries, when we were already opening champagne bottles and were certain that the negotiations were over. The fact that the misunderstanding between ministries in this country was the reason for the red flag was less important. We learnt the power of NGOs, not of those which just wanted to follow the process, but those which knew how to participate actively in the process. The NGOs thus used the negotiation process to protect a species of bird, which was impossible to do within the EU due to the objections of countries in which shooting birds was considered a national sport and an important political issue. We also learnt when we were patiently explaining the characteristics of watercourses in the Karst that the Commission did not know everything. The water changes from surface water into groundwater and does not much care how the EU *acquis* is formulated. I was drawing the flow of the Temenica River on a piece of blank paper in Brussels while raising a question about which directive was relevant for a river when it ran underground for a while - the directive for surface or groundwater?

On 29 March 2001, Slovenia was the first of the ten candidate countries during the Swedish Presidency of the EU Council to end its negotiations on environmental protection. This had considerable symbolic significance, as the first world conference on environmental protection was hosted in Stockholm. The opportunity and honour to participate at the high-profile press conference in Stockholm was certainly a highlight of my career.

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During the negotiations, it was becoming clear that they were only one part of the accession story. The purpose of the story was to become a successful member of the European Union, which knows exactly how to utilise its comparative advantages in the new framework. At the OECD roundtable on open society at the newly renovated Union Hotel in Ljubljana in 2002, the idea of forming Slovenia's Vision on conditions for EU membership with the help of active citizens was born. The work on this Vision was completed in 2002 and 2003. Slovenia was defined as

a meeting place for tourism, high-tech science and business. Four fields of priority investments were determined: citizens, infrastructure, science and nature and culture protection. The development was based on an accentuated diversification dependent on local resources and knowledge. Everything was prepared for the big development snowball to be set in motion. The idea was to find projects at individual social levels that would realise the Vision. I had the opportunity to inform all the political leaders who gathered around President Drnovšek for discussions on the future about the developments. It seemed that no one was listening, or heard nothing.

Accession to the European Union followed, with euphoric expectations, followed by disillusionment.

The negotiating team was dissolved, more or less quietly, without anyone saying anything. The gratitude did not exceed the minimum threshold required. Collective concerns gave way to individual concerns.

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The authorities did not want to hear about the Vision. *Where worlds meet* was replaced by *I feel Slovenia*. The right to not know and to not be informed was granted citizenship. With the piling up of problems, the demands that Slovenia obtain a Vision became louder. This was also required by the esteemed professors to whom I sent all the documentation relating to the Vision.

And what was happening about the environment? Many things were done faster, as if we were not in the EU. Perhaps the biggest progress was made in the field of wastewater treatment. And many environmental assets remained intact.

More remained on the other side of the balance sheet. The environment has become a marginal field and the subject of trading with positions in the last phases of changing coalitions. The threat of a penalty from the Court of Justice of the EU has been more efficient than the developmental enthusiasm for environmental protection. It seems that the compass is broken. Problems based on a high level of probability have been gaining

weight, rather than problems whose consequences were unambiguous. We were more concerned about CO₂ emissions than particles in the urban atmosphere. And the financial flows followed the aforementioned.

Slovenia is where it is. Not because of its membership in the European Union; the negotiations have nothing to do with the deep crisis that we are in. We will have to start anew. As a member of the European Union, it will be easier. And that has been worth working for.

Perhaps someone may even pick up the Vision document which was drafted for one purpose: to make Slovenia a successful Member State which can recognise and utilise its comparative advantages. The Vision drafted by active citizens by whom we so solemnly and passionately swear.

Common Foreign and Security Policy



Mitja Drobnič

Member of the Negotiating Team for Accession of Slovenia to the EU (1998-1999) and Head of the Department for European Integration and Economic Relations at the Ministry of Foreign Affairs; today Head of Delegation of the European Union to Montenegro.

“EU membership is not a free gift; it only provides the country with new opportunities, of which Slovenia has seized only a few.”



The European Union has been at the core of my work since 1992, when I joined the Ministry of Foreign Affairs of the Republic of Slovenia. After ten years of membership, talk about the beginnings of the EU integration process no longer holds the same interest; but to me, this story has several chapters, some of which are yet to be written. Slovenia was proudly one of the most efficient countries during the accession negotiations; even before they began, the government had adopted the Strategy of the Republic of Slovenia for Accession to the European Union: Economic and Social Parts, which also helped the European Commission understand the tasks of other countries in transition during their EU accession process.

At the launch of the accession negotiations, I was serving as Deputy Head of the Permanent Mission of the Republic of Slovenia to the European Union in Brussels. I was responsible for the Common Foreign and Security Policy in the Negotiating Team for a short period in 1998 and 1999. Most of the preparations on the content of the negotiations were

undertaken by the Office of the Government of the Republic of Slovenia for European Affairs and the Negotiating Team, whereas the Ministry of Foreign Affairs provided expert support to the Minister, who was officially the chief negotiator and participated in intergovernmental conferences. The negotiating chapter on the common foreign and security policy was not a difficult one, since at that time, the EU had only begun to develop the policy.

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Taking a leap in time, I would like to focus on 2002, when I was appointed Ambassador to Egypt, Jordan, Kuwait, Qatar, Saudi Arabia, and the United Arab Emirates. Six months before our accession, all ambassadors of the future Member States were invited as observers to the Cairo meetings of EU Member States' ambassadors; but even before that, I had begun to reap the benefits of our future full membership of the Union. It was quite difficult to obtain the information required to follow Egypt's political and economic situation or useful information to promote bilateral economic cooperation, or to follow the turbulent and intense situation in the Middle East. However, EU Member States' ambassadors helped me greatly in my endeavours, especially from Germany, Italy and the UK. At the same time, the attitude of the Egyptian authorities, particularly the Foreign Ministry, began to change, and Slovenia was attracting more of their attention.

Following accession, the new Member States' ambassadors became equal partners in EU activities; at that time, the Union was represented by the ambassador of the Member State presiding over the Council (today, the head of the EU delegation performs this role). My work became easier, which was also reflected in consular affairs: after the 2006 bombings at the Dahab resort, I was first informed by the German ambassador that no Slovenian citizen had been killed or injured; due to the large number of German tourists, the German embassy had easy access to information.

Furthermore, I also began to experience the positive effects of Slovenia's full EU membership in the countries to which I was accredited as non-resident ambassador. In the Gulf States, it is essential to be familiar with the local customs, as they differ from those of Slovenia. When travelling to Kuwait, Qatar, Saudi Arabia, or the United Arab Emirates, I therefore first

visited EU Member States' ambassadors (Austria, Germany, UK, Poland, etc.). We also had a working lunch with the King of Jordan twice a year.

After 1 May 2004, the new Member States began to cooperate on the implementation of the EU Common Foreign and Security Policy. The Middle East peace process was constantly on the agenda. The ambassadors of certain new Member States were immediately buried in their ministries' requests for additional information for participation in foreign ministers' meetings and Council working parties. We all agreed that EU membership brings not only benefits, but also additional work.

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I returned from Egypt in 2006, when EU presidency preparations were the Foreign Ministry's main concern.

In 2006/2007, when Slovenia presented its candidature for the seat of the Supervisory Authority of the European Galileo satellite navigation system, I was part of the working group of the Ministry of Science and Technology. This very efficient team was quick to prepare and implement a lobbying plan. Unfortunately, no decision about the seat was taken at that time, so the working group received no official acknowledgement of its efforts. Nevertheless, I am confident that the lobbying campaign was a success.

During its preparations for the EU presidency, the Foreign Ministry had to address the issues of organisation, staff, and premises of the Permanent Mission in Brussels. In 2006 and 2007, the key human resources issues had to be settled. Drawing on the experience of other Member States, the Foreign Ministry prepared an organisational structure and decided on the required number of personnel. However, it was sometimes difficult to balance needs and available resources.

The Foreign Minister appointed a political director in the spring 2007, one of key positions during the presidency concerning the Common Foreign and Security Policy. I took over this office in June 2007, only six months before the presidency. My colleagues and heads of 27 working groups had to act quickly and plan the preparations. I also invited my counterparts from other Member States to come to Ljubljana, as there was no time left

to visit their capitals, and they promptly responded. From September to early December, Ljubljana hosted foreign ministry delegations, sometimes even three at a time. The results of our work began to show. My talks with the heads of the working groups, who were key players during both the preparations and the presidency, revealed that they were up to the job and, as early as October, I was confident that Slovenia would be well prepared for the presidency.

In my capacity as political director, I travelled abroad only three times during the preparations, once to Washington. When our Embassy's report on my talks with the State Department was made public, the Foreign Minister relieved me of my duties. Pushed from the centre to the fringes, I was pleased to note the successful work by my colleagues.

I believe that the Council presidency was the highlight of Slovenia's activity at the EU level, and this is true not only of foreign affairs but of all fields of its activity. Our success was driven by the team's high motivation. A heavy load was borne by our junior colleagues working on fixed-term contracts who left the team after the presidency. The major achievement in foreign policy affairs concerned the decisions taken on Kosovo. During Slovenia's presidency, the first step was taken towards a visa-free regime for the Western Balkan countries, which became effective a few years later.

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Moving to the year 2009, when I was appointed Ambassador in Berlin, I well recall the most complex and time-consuming EU issues such as Slovenia's relations with Croatia and the adoption of measures to tackle Europe's financial crisis. I was constantly bombarded by Germany's strict requirements, which showed no understanding for Slovenia's blocking of Croatia's accession negotiations. I clarified Slovenia's positions on the matter upon my presentation of my credentials to the German President, in talks with the Foreign Minister, the State Secretary at the Federal Foreign Office, and at the Office of the Federal Chancellor, but nothing changed. I realised that in such cases, an ambassador's efforts, though vigorous and skilled, cannot replace higher-level lobbying.

Perhaps one of the most demanding tasks in my diplomatic career was

following the actions of the German government to end the financial crisis, as Germany took a leading role in finding solutions from the onset of the crisis. This meant being at the heart of activity, aware of Ljubljana's high expectations. All of my talks required extensive preparations and support of the staff of the Permanent Mission in Brussels and the Ministry of Finance in Ljubljana. In the Office of the Federal Chancellor, I talked face-to-face with people who were directly involved in shaping Germany's positions and proposals. I needed to be familiar with at least the basics to be able to understand their message and to ask them questions. Seeking support for its proposals, Slovenia was an important counterpart for Germany, as it was part of the eurozone, even in comparison with much bigger non-eurozone states. This gave us access to information and facilitated Slovenia's bilateral relations with third countries.

While in Berlin, I made several applications to head an EU delegation, and was appointed head of delegation in Podgorica. The process of candidature was difficult and the competition was fierce. People who believe that it is of the utmost importance that a country should lobby for its candidates are mistaken, since the candidate must win the battle alone. Special competences which the other candidates lacked were decisive in the competition. My advantages were my experience of the transition process and Slovenia's preparations for the EU membership.

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To conclude this overview of my experience of the changes brought about by full EU membership, I would like to add some more general thoughts in this regard. Doubtless, EU membership is not a free gift; it only provides the country with new opportunities, of which Slovenia has seized only a few. If Slovenia were not part of the European Union, it would be less visible globally, with its successful athletes bringing it in the spotlight only occasionally. Slovenia should become more efficient to seize the opportunities provided by EU membership. For equal status, small countries must be much more successful than their bigger counterparts. Slovenia is good at sports and could do the same in other areas, but to this end, it must invest in human resources. In reaching further, we should realise that mediocrity is Slovenia's greatest enemy. Unless it is able to stand out, it will not be given attention.

Common Foreign and Security Policy



Dragoljuba Benčina

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“I expect that Slovenia will emerge from the recession as an economically successful country, and continue to contribute to international development projects, also through its knowledge, the economy and its NGOs.”

I joined the Negotiating Team in 2001, after my return from Stockholm, where I had been Ambassador for four years, and was appointed by the then minister as Head of the Department for European Integration. I was also appointed to the delegation of the EU-Slovenia Association Council, which was headed by the Foreign Minister. Since 2002, I have also led the support group for Slovenian members of the Convention on the Future of Europe.

As a representative of the Foreign Ministry in the Negotiating Team, I was responsible primarily for the chapter on Common Foreign and Security Policy, which was less extensive and complex than some others. In other chapters, we were very careful to prevent the final border line with neighbouring Croatia from appearing on a document or map. We carefully followed the interim reports on Slovenia's progress which we received from Brussels. At that time, these reports regularly mentioned the unresolved issues with Croatia, such as the issue of the Ljubljanska banka savers, the unregulated status of Krško Nuclear Power Plant and the border issue. Other outstanding issues with neighbouring countries had already been addressed in the pre-accession period. I clearly remember the pressure exerted by Austria regarding denationalisation procedures and the Italian veto on real estate, which was later included in the Spanish compromise, as well as the resounding matter of closing down the duty-free shops at the border crossings with Austria and Italy.

The atmosphere in the Negotiating Team was excellent, constructive, and very positive. I was honoured to be part of the Team, particularly as it was led by Janez Potočnik. During my tenure as Ambassador, our chief negotiator presented Slovenia's achievements and advantages in Finland, Sweden and Denmark. With his famous OHP transparencies, which were later followed by PowerPoint presentations, and his simple and clear approach, he was very convincing and received a positive response, even from the demanding public.

In Sweden and Finland (members since 1995), we all learnt a great deal; both countries had already been at the helm of the EU – Finland in the second half of 1999 and Sweden in the first half of 2001. Following Finland's example, we decided that the National Assembly should play a major role in the negotiation process and in confirming the negotiating positions by chapters. Both countries had already invited representatives of candidate countries to several ministerial meetings. We and the Foreign Minister participated in the debates on foreign policy issues. We collected information on the procedure for aligning positions on important and urgent foreign policy issues, which were many, both in our region and beyond. Unfortunately, they still abound – these days, such talks and coordination are being held due to the developments in Ukraine.

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The Common Foreign and Security Policy underwent some changes since the operation of the Team. Some time ago, the EU set up the European External Action Service headed by the High Representative – the first EU 'foreign minister' – in which Slovenia already holds two high positions, i.e. Ambassador Samuel Žbogar in Pristina and Ambassador Mitja Drobnič, also a member of our Team, in Podgorica. The core diplomatic team led by Lady Ashton also includes a number of young Slovenian diplomats.

Following accession to the EU, Slovenia quickly found its place in various bodies and institutions, mainly those drafting the documents and agenda for the Foreign Affairs Council. We discovered both the advantages and disadvantages of cooperating with 26 and recently 27 Member States – in such company, it is not always easy to be original or creative in foreign policy. We have shared our knowledge of a number of areas with current candidates, which have accepted our readiness to provide assistance, e.g. Macedonia and Montenegro.

However, there have been many changes for the better for our citizens, who automatically became EU citizens with Slovenia's accession. We now have access to projects and funds, jobs, study and research in other Member States. By joining the Schengen Area, we entered a territory without borders, border controls or long queues. This and the introduction of the euro continue to have a positive effect on Slovenian tourism, the economy and services. At the same time, any citizen in difficulties abroad can count on consular and other assistance from any of the Member States. Solidarity and mutual assistance are the underlying values of the Union.

Despite progress following the adoption of the Lisbon Treaty, foreign policy mostly remains the responsibility of individual members. Positions on international issues or conflicts generally lack unity. Compared with foreign trade, to which we have a uniform approach, it is much harder for the EU to speak with one voice here. We still face a lot of work and challenges.

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In the next decade, I hope that there will be fewer problems in the immediate neighbourhood and around the world, so that the EU can invest less in drafting and communicating positions and preventing conflict and more in development, humanitarian and environmental projects, and in raising awareness of the importance of human rights and freedoms and equal opportunities. I expect that Slovenia will emerge from the recession as an economically successful country, and continue to contribute to international development projects, also through its knowledge, the economy and its NGOs. Regarding international development cooperation and humanitarian aid, the EU offers a wide range of opportunities which we have not fully exploited. However, we cannot be successful without investing our own financial resources and knowledge.

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The authors of this article had different roles in the negotiating team for Slovenia's accession to the EU. As an adviser to the head of the negotiating team, Dr Mrak began his cooperation in 2000, i.e. when the negotiations proceeded to their second and decisive stage, which included negotiations on the financial package for accession. Ms Kamnar participated in the team as the State Secretary for the Budget at the time. Looking from the today's perspective, with a distance of more than 10 years, we can assess that period as exceptionally interesting from a professional point of view, as the work involved a completely new expert field, with significant consequences for the country, and also as personally very rewarding. We believe that this experience considerably affected our later professional careers.

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Unlike most of the other negotiating areas for a candidate country's accession to the EU, which are either sectoral or thematic, the negotiations on the financial package or funds which a new Member State contributes to, and receives from, the EU budget are extremely horizontal. This part of the negotiations always takes place in the final stage of the negotiations, when the substantive aspects of accession have largely been settled, particularly those regarding agriculture and cohesion policies, and when it is known when the negotiations will be concluded or when a country is to accede. The negotiations on the financial package always include the period from the country's accession until the end of the current multi-annual financial framework (MFF), for which an agreement between the Member States on substantive priorities to be financed from the EU budget in the next mid-term period has already been concluded.

Slovenia negotiated the financial conditions of its accession together with nine other candidate countries. The negotiations encompassed the period between accession in May 2004 and the end of 2006. This was the MFF period, known as Agenda 2000, which referred to the period from 2000 to 2006, and on which the EU-15 countries had already reached an agreement in 1999. That agreement was concluded on the basis of two assumptions which had a strong effect on the subsequent course of negotiations on the financial package for the accession of new countries to the EU. Firstly, the agreement anticipated that the new Member States

would not be entitled to direct payments from the common agricultural policy during Agenda 2000, which meant that no funding was reserved for this purpose. The reasoning behind this decision was that the prices of agricultural products in these countries would increase after accession, which meant that there were no substantive reasons for making direct payments to them. Secondly, it was assumed that six new countries would accede in 2002, neither of which happened. As far as direct payments were concerned, it was agreed during the negotiations that the new Member States would be fully included in this section of the common agricultural policy on the basis of a 10-year transitional period ending in 2013. With regard to the great eastward enlargement of the EU, which included Slovenia, ten countries acceded instead of six, and only in 2004.

Slovenia was the last to jump aboard the train of the so-called Luxembourg group of candidate countries, which began their negotiations in April 1998. While we were having some difficulties with the dynamics of harmonising and implementing the EU *acquis* in the first phase of the negotiations, for which we received a serious warning from the European Commission in one of the annual reports, matters went much more smoothly in the second phase. By the end of 2001, Slovenia had formally closed, or at least agreed on, all the negotiation chapters except those referring to the financial package. This section of negotiations could not begin, because as part of a convoy, we had to wait for slower candidates. The key reason for the EU wanting to execute the financial negotiations in a package was that the extent of funding available to new Member States for the period from the date of their accession to the end of 2006 was fixed with the EU-15 agreement on Agenda 2000. It concerned the amount of approximately 40 billion euros.

The institutional framework of the entire package within which the negotiations on the EU-10 financial package took place was particularly unfavourable for Slovenia. There were several reasons for this, of which we note only the two most important. The first refers to the funds earmarked for the cohesion policy. In addition to Cyprus, Slovenia was the most economically developed country of all the candidate countries, which meant that when allocating fixed funding to EU-10 for cohesion purposes, which was implemented on the basis of objective criteria, Slovenia was considered the 'Luxembourg of new Member States'. The

second factor which aggravated the financial part of our negotiations was related to the funds earmarked for the common agricultural policy. In the years prior to accession, Slovenia had already simulated this policy by granting Slovenian farmers subsidies from the state budget, which amounted to about one half of what farmers in the EU-15 countries were entitled to from direct payments. Since it was clear before the negotiations that funding for direct payments would be significantly lower in the first years of membership than the funds farmers received from the national budget before membership, a real threat arose that Slovenian farmers would be in a financially worse position after accession than they had been before. In compliance with the EU *acquis*, the Member States cannot provide additional subsidies to their farmers from national budgets.

The two key objectives Slovenia set for its financial package negotiations were aimed at the positive net financial position (the difference between the EU budget funds allocated to Slovenia and payments of our country to the EU budget) being at least as favourable as it was in the last year before accession, and that subsidies for Slovenian farmers due to accession would not be lower than they had been in the last year before accession. Furthermore, another objective was observed throughout, i.e. to establish as solid a basis as possible for the financial negotiations on the next MFF.

In spite of the extremely unfavourable position for negotiations, which derived from our relatively high level of development in comparison to other candidate countries and our agricultural subsidies, we were able to achieve both objectives. The planned positive net financial position of an average annual amount of about 80 million euros, or 0.35 per cent of GDP, was ensured by a negotiating strategy based on the following three elements.

Firstly, the exceptionally unfavourable negotiating position in the area of cohesion policy was, in one part at least, compensated by additional inflows on the basis of budgetary compensations. In this sense, the discussion that took place in Slovenia at the time was interesting: whether to try to improve the allocation from cohesion funds and thus ensure a better starting point for negotiations on the MFF 2007-2013, or to pursue short-term objectives and focus on increasing budgetary compensations.

Secondly, we focused on two agricultural issues where it was realistically expected that the agreement on direct payments would apply equally to all new Member States. Relating to the first pillar of the common agricultural policy, an agreement was achieved at our proposal on so-called 'top-up' payments, according to which Slovenia was allowed to co-finance subsidies for farmers from its national budget during the first few years of membership. Thus, the objective that the financial position of farmers would not worsen was fully attained. The second strategic objective in the financial part of agricultural negotiations was directed towards the provision of the most financially favourable package for rural development. Considering that other candidate countries paid relatively little attention to this negotiation segment, and that the EU-15 countries were aware that the financial package for Slovenia for cohesion was rather disadvantageous, this objective was also fully attained. This was not relevant only in the period from 2004 to 2006, but also had an exceptionally positive effect on the allocation of funds to Slovenia from the rural development fund in negotiations for the next MFFs. In the allocation of rural development funds to Member States, the legacy from the previous negotiations had played an important role in the negotiations for the next financial perspective negotiations; and the legacy from the accession negotiations was indeed substantial.

Thirdly, Slovenia tried to improve its position vis-à-vis the EU budget with some other initiatives within the financial section of negotiations and thus approximate its position vis-à-vis the EU budget to that of Portugal and Greece, which had per capita GDPs similar to Slovenia. The agreement on the so-called Schengen instrument that enabled our access to significant funding from the EU budget that was needed to establish the Schengen border was of vital importance in this context.

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Soon after its accession to the EU, Slovenia, now as a full Member State, entered negotiations on the MFF for the period 2007-2013. The Member States manage their public finances at the EU level through two key instruments. One is the MFF, which provides substantive guidelines for financing the EU budget in the mid-term, usually a 7-year period, and determines the expenditure ceiling of the EU budget for the entire

period. The other instrument is the annual EU budget, which implements what was determined by the MFF. So far, Slovenia has participated in negotiations on two MFFs, for 2007 to 2013, and in the recently concluded negotiations for 2014 to 2020. The experience showed that negotiations on the MFF are among the most demanding in the EU and usually take between two to three years. This is because the agreement requires the unanimity of all Member States; furthermore, with the Treaty of Lisbon, the European Parliament acquired a significantly more important role in this process.

As in the financial negotiations related to accession, Slovenia was well organised when it entered the negotiations on both MFFs. The key element in this structure in both cases was the coordinating group comprised of senior government officials from key line ministries and several experts from academic circles. It should be stressed that this coordinating group remained more or less the same during the negotiations on individual MFFs; although, due to parliamentary elections, important political changes occurred in the country and, as a result, in government coalitions during both negotiations. The work of the coordinating group for both MFFs was supported with a very effective model for simulating financial flows between Member States and the EU budget. This model enabled us to promptly and qualitatively respond to the concrete proposals of the European Commission or the presiding country or other Member States. Furthermore, this model enabled the high-quality conceptualisation of our proposals in the phase when the European Commission was still preparing its proposals for the MFFs and in the negotiation phase between the countries.

Certain key characteristics of the negotiations on the MFF 2007-2013 will be provided below, followed by an assessment of recently concluded negotiations on the MFF 2014-2020. The Treaty of Lisbon was to present the fundamental substantive direction for the EU budget in the period from 2007 to 2013, which in other words means that the EU budget was supposed to be directed towards establishing conditions for better economic growth, more jobs and enhanced competitiveness. The MFF was to ensure the full inclusion of the new Member States in the EU cohesion and common agricultural policies, while observing the agreement of the European Council of October 2002, in accordance with

which the total amount of funding for direct payments was to remain at the nominally unaltered level until the end of 2013. The negotiations were conducted under great pressure from the biggest net contributors to the EU budget, which persisted and succeeded in ensuring that the budget's total amount must not exceed one per cent of the GDP of the EU as a whole. In the final phase of negotiations in which countries highlighted their net financial position as their key objective all of the above resulted in a compromise that was substantively poor for the EU. Due to reducing the total amount of the EU budget and the pre-agreed extent of funds for the first pillar of the common agricultural policy on the one hand and the strong coalition of states that defended the funds intended for cohesion on the other, the main victim of the negotiations became the funds earmarked for attaining the Lisbon strategy objectives. This is decidedly ironic. All 25 Member States boasted their support for the objectives of Lisbon strategy, but when discussions started on which areas to reduce the European Commission's proposal relating to the total scope of the EU budget for the next 7 years, the biggest cuts were made in this area.

Although, the agreement on the MFF 2007-2013 was substantively poor for the EU, which is supported by the fact that the Heads of States and Governments advocated a comprehensive 'review of the EU budget' at the moment of its adoption and possibly its reform, the agreement was substantively acceptable for Slovenia, and even very beneficial financially. It ensured us a positive net position of about one per cent of GDP annually, which was particularly the result of the cohesion package, with an average annual amount of about 600 million euros, and the package for rural development averaging substantially above 100 million euros per year. Such a beneficial financial result was also the consequence of several favourable circumstances. The most important factor was that when eligibility for accessing funds from the cohesion policy was being calculated Slovenia's GDP per capita was just below the threshold of 75 per cent of the EU average, according to which Slovenia was still entitled to full access to these funds. Had Slovenia crossed that threshold, our cohesion envelope would have been more than one billion euros less. The envelope would have been even less if the agreement had not included a specific solution for so-called 'statistically affected regions', for which we actively strove during the negotiations. Due to the good legacy from the 2004-2006 period, the package for rural development, which remained

particularly beneficial also in the new period, also contributed its share to the good financial result in the negotiations.

Due to the failed 'review of the EU budget', which was supposed to enable its comprehensive reform by 2010 and thus before the beginning of negotiations on the MFF 2014-2020, we entered these negotiations with all the systemic issues of the European budget that had been accumulating in the previous 30 years and, consequently, with the domination of national interests expressed in the form of a battle for the most beneficial net financial positions. In such conditions and under the great influence of the global crisis, and particularly the crisis in the Eurozone, we obtained an MFF of which the total amount was for the first time lower than the previous one. Furthermore, the MFF 2014-2020 has not made any significant changes to the structure of expenditure of the EU budget, where the common agricultural and cohesion policies still dominate, although both have changed considerably compared to the preceding period. The sources of financing the budget and the entire system of correction mechanisms have remained unchanged in spite of the efforts of the European Commission and the European Parliament to introduce new regulatory European taxes and the exchange of a rebate to Great Britain with a general correction mechanism. Unfortunately, all the serious modifications to the EU budget have again been postponed for an indefinite period, as several times before.

The negotiations on the MFF 2014-2020 presented a great challenge for Slovenia. Before the beginning of the negotiations, it was clear that we would not be able to maintain the exceptionally favourable position that we had managed to ensure for the period 2007-2013. The fundamental objective of these negotiations was thus to lose as little as possible in comparison to the preceding period. This objective referred both to the cohesion policy, because per capita GDP in the country as a whole substantially exceeded the threshold of the aforementioned 75 per cent of the EU average, which is why the country was divided into two NUTS-2 regions, and to rural development, where more stress was to be put on the objective criteria for allocating funds during the negotiations, rather than the legacy from the past.

Through the negotiations where our work in cooperation with the

Slovenian Commissioner was particularly successful already in the preparatory phase of the proposal of the European Commission, we managed to secure an agreement that would enable our country to dispose of about 400 million euros of cohesion funds annually in the next 7 years. We managed to achieve that in spite of the exceptionally unfavourable starting position, according to which Western Slovenia (whose development level is at around average of the EU) would obtain almost a symbolic allocation of funds. Although the allocation of funds for rural development is lower than in the MFF 2007-2013 due to the inclusion of objective criteria, the expected positive net financial position of Slovenia remains close to one per cent of GDP also in the period 2014-2020.

* * *

So far, Slovenia has done well in three negotiations on the EU budget. Under objectively unfavourable conditions – this is true of the accession negotiations and the negotiations on the last MFF - Slovenia managed with efficient internal organisation and suitably conducted negotiations to ensure final agreements which included access to a substantial amount of cohesion funds and funds for rural development. Whether or how successfully we have utilised these funds for the economic and broader social development of Slovenia remains a different matter.

Constitutional Amendments and Harmonisation of Legislation, Miro Prek

Finally, let us take a look at the path taken from the declaration of independence to EU accession in the legislative and constitutional spheres.

In addition to the many everyday legislative and more comprehensive reform projects during the negotiation period, we had a nagging concern about the changes that would be required to be made to the highest legal instrument of our independent state, its constitution. Proposals for constitutional amendments were not limited to European affairs, but we were hoping for at least a timely adoption of the so-called European article, which indeed happened immediately before accession. Precisely the constitutional amendments were the culmination and completion of a decade of legislative rapprochement with the European Union at the highest legal level. These ten years were often extremely difficult, even to the point of despair, but all the difficulties encountered were offset by the opportunity to directly co-shape conditions of our country's accession to the EU.

It must be borne in mind that when the negotiations began, Slovenia was a very young state – one of my colleagues in the Negotiating Team used to refer to it as “our young state, the Republic of Slovenia” – as less than ten years had passed after Slovenia's declaration of independence; we had not even adopted all the urgently needed legislation required by the new state based on the rule of law, when the still unfinished projects already had to be adapted to the legal requirements of the Union.

The formal conditions for beginning cooperation with the EU were met with the conclusion of the Agreement between Slovenia and the European Economic Community on the establishment of diplomatic relations, which entered into force in late May 1992. This was followed by a number of agreements, of which the cooperation, transport and financial agreements were considered the most important. These agreements did not go beyond standard economic or trade agreements, and most importantly did not provide for a basis for organised, comprehensive and lasting cooperation between our country and the institutions of the European Communities and their Member States.

*Nevertheless, a relatively early version of the Rules of Procedure of the Government (Official Gazette of the Republic of Slovenia, No. 13/93 of 12 March 1993) in its Article 20 explicitly stipulated the obligation that draft laws should be accompanied by a special explanation of their conformity with the regulations and directives of the European Community and national legislation adopted on their basis, as well as with other regulations of the European Community. Therefore, Slovenia's endeavours focused on drafting, proposing and passing laws and regulations which were aligned as far as possible with the *acquis*.*

*Slovenia was in a delicate period of rapid change from the previous economic system to a sustainable market-oriented and functioning economy. The privatisation of companies, recovery and restructuring of the banking system, denationalisation, transformation of former communes into a local self-government system and some other sector-specific reforms (such as those of the judiciary and state administration) were already underway or in the preparatory stage. Many new laws included mechanisms to protect the interests of Slovenian citizens and legal entities – i.e. Slovenia's “national interests” – from a hasty and poorly-considered opening of the economy to the laws and rules of the EU in this delicate transitional period. Consequently, all laws and regulations had to be revised and aligned with the *acquis*, thus fulfilling the requirements of European integration.*

*In the making of new Slovenian legislation we witnessed three major processes: the drafting of our own legislation with a view to replacing the former federal legislation and its alignment with the constitution; drafting new laws in areas where the former federal and still applicable republican legislation were at odds with a market-oriented economy; and the drafting of legislation aligned with the *acquis*. Ideally, the drafting of new legislation should have combined the requirements of all three processes and thus avoided the revision of recently adopted acts; however, owing to the crammed legislative agenda, both those who initiate laws and the legislators usually tackle only pressing issues and content themselves with regulating a single issue or a narrow area, rather than building a system.*

Since Slovenia had decided to model its legal order on today's European Union at quite an early stage (already in 1989), much had already been accomplished in terms of harmonising the legislation. For a long time,

European institutions dedicated themselves to examining the formal legislative harmonisation, but this was no longer the only, nor by far the sufficient condition for accession: the assessment of conditions fulfilled was not merely formal (comparing legal texts); the focus shifted on assessing the fulfilment of substantive conditions (aligned practices), i.e. the capacity of the state and its institutions to actually implement the aligned legislation.

The next landmark was the so-called Europe Agreement with Slovenia, initialled already in 1995 and signed after a year's delay due to complications concerning the preparations for the signing. The constitutional amendments, which enabled the ratification and entry into force of the Europe Agreement, constituted another milestone.

The Constitutional Court found in its opinion (Rm-1/97 of 5 June 1997) that ratification of the Europe Agreement was possible only after constitutional amendments had been enacted; therefore, the Government undertook to table the necessary amendments as soon as possible, and the constitution was duly amended in July 1997. Following a heated debate about the potential "sell-off of Slovenian land", the amended Article 68 of the constitution provided that aliens may acquire ownership rights to real estate under conditions provided by law or a treaty ratified by the National Assembly, on condition of reciprocity.

Even after the Constitutional Court had ruled on the ratification of the Europe Agreement and the adoption of the Constitutional Act Amending Article 68 of the Constitution and an interpretative declaration of the National Assembly about the Europe Agreement, and even after the passing of the so-called protective laws, the Slovenian constitution and legislation remained elusive and did not provide clear answers to certain challenges posed by European integration processes.

The adoption of the constitutional act and all the processes surrounding the relevant constitutional amendment followed the same pattern as most other legislative amendments: that of a fervent reaction to a specific affliction, which had to be quickly settled for one reason or another, so that we could enjoy a moment of peace before the next affliction inevitably presented itself. This could not be avoided, because the legislative policy of the period – if it existed at all – did not include general guidelines and policy orientations

on the main issues of establishing a modern legal order. Legislation in general was drafted as a conditioned reflex. Therefore, it is not surprising that political and expert consensus on extremely far-reaching changes was absent. Namely, there was not enough time, will, or both to reach consensus on the crucial issues. The legal order was understood as merely a necessary set of instruments, comprised of more or less accomplished and harmonised regulations, or as a jumble of complex procedures, and not as a value which deserves attention and due concern for reasons other than its instrumentality.

Hence, the constitutional and legislative amendments were only the beginning. A lot of time and energy will be required to achieve changes in practice, which reflect a changed mind-set. The latter is perhaps the most difficult to attain, and can be hastened only by appropriate and timely information and systematic respect for the legal order as a whole, not as a set of rules, but as an achievement of our civilisation.

Given the bad experience with amendments to the most important legal instrument, and especially failed attempts to amend the constitution in the past, our Negotiating Team was aware that adequate, well-founded bases for EU accession had to be drafted early enough, with time in reserve for potential complications. Although public and political support was strong at all times, we feared surprises, which could not be excluded. In cooperation with the Government Office for Legislation, the relevant drafts were compiled in good time and, even more importantly, the agreement of almost all political parties was secured, making the constitutional amendments possible.

At its extraordinary session on 27 February 2003, the National Assembly passed the Constitutional Act amending Chapter 1 and Articles 47 and 68 of the Constitution of the Republic of Slovenia.

The deputies deliberated on the draft constitutional law amending the so-called European article of the constitution drafted by the Constitutional Commission. With 71 votes for and 8 against (79 deputies were present), the National Assembly passed the constitutional act establishing constitutional bases and creating the conditions for Slovenia's accession to international organisations and defence alliances. During the presentations of the positions

of parliamentary groups, all of them, except the opposition Slovenian National Party and Youth Party of Slovenia, supported the constitutional amendments.

In its eleven years, the highest legal instrument of the state was amended for a third time; this last time was to enable Slovenia's integration in international organisations and defence alliances. More precisely, the constitutional act provides for the possibility that, pursuant to a treaty ratified by the National Assembly by a two-third majority of all deputies, Slovenia may transfer the exercise of some of its sovereign powers to international organisations which are based on respect for human rights and fundamental freedoms, democracy, and the principles of the rule of law, and may enter into defence alliances with states which are based on respect for these values.

By passing the constitutional act, Slovenia provided for the possibility to transfer the exercise of some of its sovereign powers to international organisations, more specifically to the European Union.

Moreover, the National Assembly amended the conditions for the acquisition of property: aliens may acquire ownership rights to real estate under the conditions provided by law or a treaty ratified by the National Assembly.

The relevant article in the Constitution was also amended to stipulate that no Slovenian citizen may be extradited or surrendered unless such an obligation to extradite or surrender arises from a treaty whereby, in accordance with the provisions of the first paragraph of Article 3a, Slovenia has transferred the exercise of part of its sovereign rights to an international organisation.

Slovenia's membership of the European Union was most solemnly upheld on 23 March 2003, when Slovenian citizens opted for EU accession by a vast majority of votes cast in a legally binding referendum.

Slovenia - 10 Years in the European Union

Views by the Former Members of the Negotiating Team

Publisher: Ministry of Foreign Affairs and Government Communication Office

Editor: Nataša Zajec Herceg

Editorial board: Brigita Juhart, Tina Vodnik, Alenka Dolinar Fatur, Nataša Zajec Herceg

Design and layout: Irena Kogoj

Photos of authors: Personal collections

Language editing: Philip Burt

Translation: Translation service of Ministry of Foreign Affairs, PSD translation services

Print: Collegium Graphicum, d.o.o.

Print run: 500

Ljubljana, April 2014