

## **Business as Usual? The V4 and the art of the (dis)agreement**

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The recent cooperation between the Visegrad Four (Czech Republic, Hungary, Poland, Slovakia; hereafter V4) to thwart the nomination of Franz Timmermans and other high ranked EU officials (henceforth known as the “top jobs saga”) provides an ideal avenue to analyze and understand) the way in which the V4 cooperates towards the goal of maximizing their influence. The ad hoc entente with Italy on the necessity to prevent Frans Timmermans from being nominated President of the Commission, which only had a limited political framing given that only Hungary represents the EPP (from which it is, on paper only, suspended), is the perfect example of how the V4 can work together to achieve certain goals and decisively influence the EU political processes. This coordinated action of the V4 on this agenda comes in square contrast with the relatively low levels of activity and unity the grouping has on other cases currently under discussion at the EU, further highlighting the fact that the V4 has become a tool used on ad hoc basis for the four countries to maximize their influence when they see eye-to-eye on a specific issue. However, it should be noted that V4 unity often takes the shape of a veto, blocking external proposals rather than creating them, with a few exceptions that will be detailed below. In the case of EU leadership, the V4 was happy with simply ensuring that Timmermans would not get the nomination rather than pushing for their designated candidate, Maros Sefcovic of Slovakia, for a top post. While all four governments have hailed the results as a success, the rhetorical bluster will likely soon recede given the fact that no regional politician will occupy a high post besides another Vice-Presidency position. This is likely to mire the region in the uncomfortable position of feeling like it has less influence over the agenda setting of the EU and may perpetuate the distance that national politicians often express towards “Brussels”. In return, it is expected that the V4’s behavior towards the EU’s presidency and other high positions will further contribute to the negative perception the V4 developed towards Brussels and some European chancelleries at the height of the migration crisis in 2015. Does this mean that the V4, and its individual member states, will be more isolated in the next five years?

The likely answer is no, as the priorities for the V4 as a bloc, and for V4 member states, under the next EU leadership do not completely overlap, making it difficult to believe it would lead to isolation of the V4. As a matter of fact, as stated above, the V4 is used by the countries only to maximize their bargaining power when there is unity on a given issue. The frequent consultations at

the V4 level, as planned by the rotating presidencies<sup>1</sup>, serve principally to inform one another about policy positions without necessarily searching for a consensus or fostering agreements, making this cooperation format eminently flexible. This also explains why the multiple prophecies of the doom of the V4 have never come true, as the grouping can easily adjust itself depending on V4 attitudes towards specific policy issues.

Countries such as the Czech Republic and Slovakia, who have developed a wide set of tactical alliances beyond the V4 on certain policy issues, do not necessarily perceive the V4 as the best framework in which to defend their interests, but instead they make rational decisions, issue by issue, on which alignments (V4, ad hoc, etc.) can best help them achieve their goals. This high degree of rationality is reflected by the fact that both the Slovak and Czech presidencies of the V4 have devised a moderately ambitious agenda for the group, whereas the 2017-8 presidency of Hungary heavily insisted on the V4's global role and was overall a much more determined undertaking. This reflects the relative diplomatic isolation of Hungary, for whom the built-in opportunity to cooperate with other MS who account for a similar population than France is a unique opportunity to break this isolation and to have its voice heard; this is to a lesser extent true for Poland but remains relevant in the light of the ongoing article seven proceedings. High level agreements can also depend on the personalities and standings of national leaders: the Czech PM, Andrej Babis, has a close personal connection to his Hungarian counterpart, and the latter has seized on the fact that Babis' poor standing at home<sup>2</sup> was an opportunity to reengage the Czech Republic more intensely in the V4 format in order to limit the isolation of the country in the Council, an opportunity that Babis eagerly took up.

It is therefore likely that the role of the V4 in the upcoming European decisions will continue its ebbs and flows, depending on the policy interests of the

The issues on which the V4 will unite in the years to come are a continuation of previous priorities, related mostly to the completion of the single market, competitiveness and taxation issues, the importance of the funding of new technologies such as artificial intelligence (which is one of the main priorities of the Czech Visegrad Presidency), the defense of its interests in the next Multiannual Financial Framework (MFF), and a continuous push towards the enlargement of the EU.

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<sup>1</sup> The Czech Republic has just taken over the presidency from Slovakia as of July 1st, until the end of June 2020.

<sup>2</sup> PM Babis may stand trial for embezzling EU funds and was accused by the Commission legal service of severe conflicts of interest as regard Common Agricultural Policy Funds. On June 23, more than 250 000 people, the highest number ever in the country since the Velvet Revolution, protested against Babis.

The completion of the single market remains the most important priority for the V4, as it is the key of its future economic competitiveness<sup>3</sup>. Consecutive V4 presidencies have tried to foster joint positions on the integration of the service sector or the creation of a digital single market as two items on which the region can bring an added value. Part and parcel will also be to maintain low taxation rates for foreign direct investments, which V4 countries rely on heavily as sources of investment and for the creations of jobs. It is likely that the V4, in the follow-up of the top jobs saga, will be looking to fill one of its Commissioner positions with a leader focused on the single market agenda; current Czech Commissioner Vera Jourova (current portfolio) is here on the top of this list. The eventual loss of the UK, one of the main supporters of the deepening of the single market, will force the V4 to come out of its box and will be a good test of whether the V4 can be a competing force in the EU and if it can enlarge its spectrum of alliances around the issue.

The discussion around the next MFF has already consolidated V4 unity against the proposals that were published by the Commission in 2018 and 2019. While V4 countries are still split but slowly coming to the realization that they will have to increase their contribution, they have unanimously expressed concerns about the proposed cuts to the Common Agricultural Policy and Cohesion Fund. This has prompted anger, especially from Czech PM Babis, about the outsized role of the Commission in the process. Discussions in the “Friends of Cohesion”<sup>4</sup> (which all V4 countries are part of) format have been rekindled in order to weigh in on the next proposals. The financing of new priorities has received a lukewarm welcome, especially regarding migration and borders, competences that V4 states do not want to be “Europeanized”. The V4 and the Friends of Cohesion group will certainly insist on rebalancing new and old priorities. The new priorities will focus on issues where national industries can benefit the most. This is true notably for the research and innovation sector, which would be a part of the necessary economic transition of V4 countries away from models where the added value in global supply chains is very low. Military mobility and the financing of dual use infrastructures via the next MFF is also of the utmost interest for the region. Another demand of the V4 will be to loosen the ability of funds to be moved from one category to the other so as to increase the extent in which states have decision-making powers over where and how funds are spent; this is connected to the fact that V4 countries still greatly struggle

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<sup>3</sup> The real GDP growth rate of the Czech Republic is 3%, 4,1% in Slovakia, 4,9% in Poland and 5,1% in Hungary, among the highest in Europe (except for Malta and Ireland :

<https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tec00115&plugin=1>)

<sup>4</sup> Bulgaria, the Czech Republic, Cyprus, Croatia, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Slovakia and Slovenia.

to absorb all the available funds<sup>5</sup>, which some politicians blame on the strict flexibility rules. Finally, the current mood in the V4 makes it clear that any proposal to condition the delivery of structural funds to the respect of the rule of law will be rejected. It is unlikely that Slovakia, the country where these issues are less prevalent, would break regional unity on such an agenda.

Finally, on foreign policy, the key vector of V4 unity is the necessity to move forward with EU (and NATO) enlargement in the speediest manner, and to participate in the reinforcement of NATO's eastern flank. The relationship with Israel has primarily gone through ups and downs for political rather than strategic reasons as symbolized by the last-minute cancellation of the planned V4-Israel Summit in February due to the Polish-Israeli spat. Engagement with Israel has multiple facets such as fostering further investments between the two entities, or through strategic means such as jointly developing of military capabilities and purchases of military equipment. Additionally, having a positive relationship with Israel has the benefit of sending a positive message to Washington (which is especially important for a country like Poland) and has helped Hungary and Poland mitigate accusations of anti-Semitism in their country. This has created some frustration in Brussels and other European capitals, especially in regards to the virulent anti-Soros campaign in Hungary in which the Czech Republic will not aggravate by moving its Embassy to Jerusalem. While the relationship with Israel is indeed important, it is not a primary focus for V4 foreign policy, and it is likely that they will be willing to set aside, especially in the face of other issues such as the single market and looming MFF discussions.

Strong unity can also be expected, on the more negative side, on the Social Europe agenda, which has attracted very negative reactions in the region. Any discussion about Europe-wide unemployment schemes or a European minimum wage is seen as trying to undermine the fundamentals of regional competitiveness and will be met with firm opposition. Reform of decision-making to move towards QMV in certain CFSP areas such as human rights and sanctions is also a non-starter for the V4. There is a concern that rather than making EU foreign policy more effective and nimble, the reform might increase the divide between groups of member states regarding the issues that the proposed reforms intend to act upon and limit the political messaging that underpins unanimous decision making in the EU. Both on human rights and sanctions dossier, countries that are "on the fence" could be subjected to pressure campaigns (political, media, societal) in order to swing their vote, which would only lead to further polarization of political discourse witnessed across Europe. Some countries might also feel tempted to free ride and develop preferential

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<sup>5</sup> As of early July, the Czech Republic and Slovakia have spent a mere 40% of available European structural and Investment Funds, Hungary and Poland 45%: <https://cohesiondata.ec.europa.eu/>

relations with the sanctioned country while the rest of the EU maintains restricted relations. This is to be put in the greater framework of small states such as the V4 states (except for Poland) that are being concerned about losing their influence in situations where unanimity was required. Finally, it is unlikely that the non-Eurozone countries (all but Slovakia) will make any step forward in progressing towards adopting the Euro despite convergence criteria being met and the treaty obligations mandating a move forward. Local currencies remain a tool of competitiveness in order to support exports, and politicians are not ready, given the dependency of their countries on exports, to make any changes that would in all likelihood be rejected by citizens.

There are some agendas where we can expect the V4 to disagree internally. European defense integration efforts have been met with varied enthusiasm, ranging from positive in Prague and Bratislava, cautious in Budapest, and with real reluctance in Warsaw. Poland watches with great concern the development of the idea of EU strategic autonomy, believing it would weaken the ties with the US and European territorial defense. The building blocks of this strategic autonomy, such as Permanent Structured Cooperation, the European Defense Fund, or the Coordinated Annual Review on Defense, are seen by Poland and some conservative politicians as a dangerous transfer of competences to the European Commission, especially in regards to defense industrial policy. Prague and Bratislava are rather positive to the extent that their different threat perception means that they can focus their militaries on the sorts of contingencies that the EU will be setting itself out to do, especially crisis management and stabilization in the neighborhood, but they remain cautious about the potential consolidation effects in defense industry which could harm the field of SMEs that compose the backbone of their national sector. Budapest's continued obsession with migration issues and low levels of defense spending sets it apart from the pack.

The relationship with the U.S. is also a divisive topic between the V4 countries. The excellent bilateral relationship between Poland and the U.S., especially in regards to defense, comes in stark contrast with countries such as the Czech Republic and Slovakia, who harbor deep concerns about the potential effects of prolonged EU-US trade wars on their automotive industry and do not share the same security concerns as their Polish neighbors. These uncertainties are one of the reasons all four countries have decided to give the European Commission a mandate to reopen negotiations with the U.S. about a new transatlantic trade deal. The main difference between these countries comes on the CSDP front, where both Prague and Bratislava have pushed back quite strongly against the recent U.S. warnings regarding third country access to the European Defense Fund and Permanent Structured Cooperation projects, whereas the deep links between Poland and the U.S. defense industry mean a diametrically opposed position coming from Warsaw, which sees

less immediate added value in European industrial cooperation. In general, Poland shows a lesser level of interest and support for European defense initiatives, as long as they do not offer a path to significantly increased defense capabilities and provide for territorial defense. This is also shown in the willingness of the countries to participate in EU-led civilian or military missions and on other issues, such as the creation of a military EU HQ or the financing of future operations.

While, in the next few years, its interests will be aligned on certain key EU issues, the political unity between leaders, and especially the growing divide between Poland and Hungary on one side and the Czech Republic and Slovakia on the other, will limit the extent to which these positions of unity may provide a decisive weight in the European negotiations. For the latter two countries, the relationship with Germany, France, Austria, and, to a lesser extent, the Benelux and Nordic countries is just as important as with the V4, which continues to pay the price of its negative external perception and constitutes a real public relations issue for Prague and Bratislava. Therefore it may not be necessary to overanalyze the unity of the V4 on the top jobs issue, especially given the fact that they seem to have obtained nothing more than a pyrrhic victory with the dismissal of Timmermans.

Considering the destructive power the V4 has, is there a strategy that should be adopted in order to limit the influence of the V4? The loose unity of the grouping means that a divide and conquer strategy, by focusing solely on Prague and Bratislava for example, is not necessarily bound to be successful. On the other hand, V4 capitals are keen to be engaged much more on the onset of consensus formulation in the Council rather than being at the mercy of any French-German (or other) agreement, which is why the refusals of the V4 to sign on are much more publicized than the cases in which they follow the majority. The V4 will not be broken in the next five years, but it could become much stronger if a country like the Czech Republic sees itself isolated in the Council and decides to devote renewed energy to consensus building at the regional level. The region will continue to search for elusive “respect” (such as the one it claimed it did not get when its positions regarding migration supposedly became European mainstream in 2016) and will look for more constant engagement with Paris and Berlin. This will encourage more proactivity on future policies rather than reducing itself to a role of policy taker or policy killer.