Visegrad Fund

The role of the EU in global crisis management

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Contents

The EU role in global crisis management. Czech view

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Introduction

Economic and financial crisis that hit the global economy in 2008 and 2009 challenged top world economies and forced them to create a format that would be able to respond to crises and draw solutions that would remove the biggest drawbacks of the world economic order and allow re-launch of growth of the global economy. Existing format of global economic governance G8 did not correspond anymore with the global economic reality. It was omitting the fast growing developing economies of mainly Asian and Latin American countries, such as China, India or Brazil. In response to the need of including emerging economies into discussions and governance of global economy G20 summit format was created. Although leaders of G20 were meeting already since 2006, the format gained importance with the outbreak of crisis in 2009. The European Union as the only international organization that represents the biggest world market is also a member of G20.

Position of the Czech Republic

The Czech Republic similarly to other Visegrad group countries does not belong among the members of G20 group. However, as the only Visegrad country it was present at one of the G20 leaders' summit. It was in 2009, during the Czech presidency in the Council of the EU. Since it was before the Lisbon Treaty entered into force, the then Czech Prime Minister Miroslav Topolánek acted as the President of European Council and represented the EU at the G20 London summit. This was also the time when G20 summit got huge attention in the Czech Republic – both in the state administration and as well as in the media. Currently, it is very hard to observe any debate about the role of G20 and its impact in the Czech milieu. The G20 agenda belongs to competence of three line ministries (Ministry of Finance, Ministry of Trade and Industry and Ministry of Foreign Affairs) and Office of the Government as a co-ordination body of EU affairs in the Czech Republic. None of these institutions have a special representative or expert that would focus purely on the G20 agenda. Interviews confirmed that the agenda is split even within the different ministries and lacks any overall co-ordination.

Ministry of Foreign Affairs

Department of Multilateral Economic Relations is responsible for G20 agenda at the Ministry of Foreign Affairs. The department follows the developments of the discussion in the G20 format and from time to time it prepares a short report on the newest developments and G20 presidency agenda. The department is mainly responsible for coordinating the work of Czech Permanent Representation to OECD in Paris. Hence it perceives the G20 summits agenda and their conclusions mainly through the OECD agenda. In the opinion of the Ministry of Foreign Affairs, the OECD has become an expert organization assisting in the preparation and implementation of G20 summits conclusions. Any decisions of the G20 that would be binding for the Czech Republic would have to be processed first through the EU level. According to the MFA, thanks to the fact that EU standards are usually higher than the agreements reached by G20, the Czech Republic should have no problems in implementing them. The most important part of the G20 agenda is considered an agreement on the tax base erosion and profit shifting (BEPS) that is being implemented through OECD. MFA is however very critical about the lack of information that is shared by OECD or the European Union on the G20 agenda.

Ministry of Industry and Trade

Ministry of Industry and Trade follows mainly trade, energy and climate change agenda of G20. The most important agenda is considered to be liberalization of international trade. The ministry is fairly critical on the G20 format. Similarly like MFA, it is lacking information on the G20 agenda. Conclusions of the group are declarative and they do not lead to specific policy solutions, although they are in line with Czech interests. G20 is also putting less and less attention to the trade agenda and for many years it has not been able to push forward the Doha Development Agenda. The Czech Republic is a country that forges fight against protectionism in international trade, while many of the G20 countries are taking anti trade measures.

Ministry of Finance

Ministry of Finance is the most important institution that is dealing with the G20 agenda. It is caused by the fact that the EU positions to the G20 agenda are mostly agreed in the Economic and Financial Affairs Council (ECOFIN), where Minister of Finance represents the country. Within the ministry, the agenda is divided in between two departments: Department of International Relations is responsible for international financial institutions, such as IMF, EBRD, World Bank and OECD. This department is thus following mainly the relation between G20 and these institutions. Department of the EU Affairs is responsible for the preparation of the Czech positions for ECOFIN and Economic and Financial Committee (EFC) meetings, including those that define the EU position for G20 negotiations.

Ministry of Finance has also the best access to the information of G20 agenda transmitted through the EU channels before each G20 summit. EFC secretariat drafts EU position that is consequently distributed to the ministries of finance of all EU member states. Czech input to the EU position is prepared by the department of EU affairs within the Ministry of Finance. Input is debated within the so-called Resort Coordination Sub-group for EFC. In case the ministry finds it necessary it informs other line ministries about the issues to be debated by G20 and asks for their opinion.

According to the Ministry of Finance, positions prepared by the EFC secretariat are for the most part acceptable for the Czech Republic since they are usually very general. According to the Ministry it has never happened so far that the EU position would go against Czech interests. Czech priority within the G20 group is to fight against tax base erosion and profit shifting.

Conclusions

Thanks to the fact that the Czech Republic is not a G20 member state, its agenda receives very low attention in the country. The main institution that is able to influence the G20 agenda is Ministry of Finance through the EU positions negotiated in EFC and ECOFIN. Common EU position is also the only way, how the country can influence the G20 agenda.

Coordination within the country almost does not exist. With the exception of the Ministry of Finance, other institutions do not have enough information and are not directly involved in the preparation of Czech positions. These are solely prepared at the Ministry of Finance, which however claims that it tries to involve also other line ministries, but they are lacking interest.

The Czech Republic has minimal influence on the G20 decision making thanks to the objective fact that it is not behind the negotiation table, but also thanks to the lack of interest at the national level. Generally, the country does not have objections towards the G20 conclusions as they are in line with Czech interests. G20 fight against tax base erosion and profit shifting and its attempt to facilitate exchange of data between the states in area of tax collection is perceived as a priority. It is also believed that this problem cannot be solved at national, regional or even EU level, thus the G20 format is the ideal.

The Czech Republic perceives G as a format that gives general guidance to the world economic governance. However implementation of its agreements and conclusion has to be done through international organizations such as OECD, WTO, World Bank and IMF, where the country can still shape their final appearance.

There is overall skepticism over the possibility of coordination of positions for G20 within the Visegrad group. The reasons include diverging interests of the V4 countries e.g. in the area of trade, but also the fact that none of the V4 countries is a member of G20, thus making coordination in V4 format useless.

The role of the EU in global crisis management. A view from Hungary

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Introduction

Global crisis management has become to the foreground since the breakout of the world financial and economic crisis in 2008. After some months, it has become clear for everyone that the crisis is not a sectorial or regional one, and therefore the management of the also requires – beyond local, national and regional reactions – measures taken on the global level. The emergence of the G20 group was one of the most visible proofs of the realisation of this situation (and, of course, also of the rise of new economic powers in the world). This is, of course, a new situation for the EU and its Member States that intend to redefine their role in the changing world economy.

Layers and levels of the crisis

Since 2008, we could identify different layers of the crisis. It started as a crisis hitting the US financial sector; soon enough, it became clear that the real economy wouldn't be out of the story. It has also become clear very soon that we didn't deal with a US crisis: it spread over the whole developed world.

From the initial financial crisis, we very rapidly entered into an economic one. Its consequences, however, were and still are much deeper than simply economic. It had important and long-lasting social effects, and in several countries, these effects have also contributed to significant changes in politics: radicalisation, national(istic) solutions, increasing protectionism (at least in rhetoric) are visible signs of these changes.

Of course, the crisis has different ingredients stemming from different levels. All developed countries share and bear (although not in equal proportion) the burden of the global crisis. These effects are "enriched" by the specific spices of the big regional integrations. In Europe, this specific spice has clearly been the Eurozone crisis and the resulting debt crisis. Last, but not least, individual countries have also contributed to the colourful picture of crisis effects via their special problems caused by their economic policies.

Logically, the reaction to the different levels of the crisis has to come from different levels, as well. Global, regional (in Europe mostly: EU) and national level actions can deal with different problems; of course, the accordance between them is a crucial element of the so much hoped success.

Crisis management

Looking at the different – global, European and domestic – levels of crisis management, a key question has been (actually from the beginning of the crisis) how to find the right balance between the different management levels in the treatment of the – also different – crises. The different fora and levels of actions – G20, European Union, country level – have been of different importance for different EU Member States.

Due to its size, among the V4 countries, only Poland can be perceived as a partner of "visible" size for the G20. Poland's ambitions regarding joining that club are clear and also supported by data describing the size of its economy (the 18th biggest one in the world). As for the other Visegrad countries, they consider G20 as a forum that they can only observe from the outside. Of course, indirectly – through the EU – they are also represented there, but this has little importance for them. The fact that some major EU Member States are also G20 members "on their own (in addition to be represented through the EU) also strengthens the bove described approach of the small Visegrad countries.

Regarding the EU level, the situations and therefore the positions and interests are also different. Being a Eurozone member or not is not all the same when it's about bearing the costs of *ad hoc* actions in order to stabilise the situation in the most endangered Eurozone countries. Needless to say, stability is important for everyone, but the difference in the situation resulted in different behaviours regarding the contribution to the defence of stability, e.g. the decision on participating or not in joint actions. Of course, such a decision is always a result of a thorough cost-benefit analyses; we have to add that this is not a simple enterprise-level cost-benefit calculation, but a complex analysis of a set of economic and political factors.

The domestic level of crisis management is, of course, crucial for each country: this is the level on which the reaction to the country-specific features of the crisis is possible. Due to its specific situation, this level has been of especially high importance for Hungary.

The role of the EU in the crisis – for a Member State

It is worth detailing the role of the EU as an actor in the crisis. it is not a simple role; in fact, the EU had (and can have) different functions that are especially important for small, open and relatively vulnerable economies – like Hungary, and also the Czech and Slovak republics.

During the crisis, the EU had a very important role as a defender. The fact that a country belonged to the EU could diminish the effects of shocks. It is not by chance that right after the collapse of its banking system, Iceland has also showed (even if only temporarily) a sudden openness towards the idea of embedding itself into the European integration.

The EU can also be regarded as a power to "force" its not always "well-behaving" Membes States to discipline. The positive side of this role is often forgotten, but is is of crucial importance. Hungary, for instance, had a public deficit over 9% of its GDP n 2006 – an election year, but well before the crisis. The European Commission's warning (the prospect of losing a part of Cohesion Fund transfers) has forced the country's leaders to elaborate a new, realistic convergence programme, and to stick to it. As a result, the public deficit has more than halved by 2008. In the last days of October 2008 when – according to several analyses – the country was very close to bankruptcy, it was crucial that it did not have to face a deficit like it had to two years before
The EU can also be regarded as a power multiplier. French European policy has consciously used the integration this way, in order to better defend its interests on the world arena. This opportunity is open for all EU Member States; it can be of specific importance for small countries that are able and willing to propose initiatives.

The EU can also be regarded as an anchor or a point of reference. This is also very important: any Member State can measure its progress by comparing it to the state of the EU (and, of course, to that of its other Member States). This possibility may help domestic policy making as it can support (even painful) decisions of domestic policy makers.

Of course, all the above effects can only be used if the Member State in question looks at the EU as a partner (a partner of which it is a supportive part). In case of conflicts – or in the extreme case when a Member state looks at the EU as an enemy – there is little that remains from the above positive effects.

Case Hungary

Due to internal factors (high public deficit; increasing indebtedness; household credits denominated in Swiss francs), the country faced (and still faces) extra difficulties compared to other Member states facing "only" the effects of the global and European crises. As the first decade of the country's EU membership did not bring the dreamed result ("miracles"), the public opinion is quite divided on the balance of EU accession.

It is important to note (but difficult to communicate, especially for domestic policy makers) that the overall balance of the last decade is the result of domestic *and* EU-related *and* global effects. It is also important to stress that without the domestic (problematic) components, many of the (negative or so perceived EU-related effects wouldn't have appeared at all. Migration is a clear example for that: of course, it is the EU membership of Hungary that allows free movement (and all the four freedoms) of its citizens within the Union, but it is the circumstances (or perceived circumstances) in the country that has led many Hungarians to use this opportunity.

The wording of the discourse of domestic politicians regarding the relationship to the EU ("fight for independence") did not help the country. Still, we need some more time to be able to answer the question whether the Hungarian replies to the crisis are really different from those of other countries in the region or it is just a question of rhetoric.

A specific challenge for the V4 and for Europe: Russia

Recently – as a result of the hostilities and tragic events in Easteran Ukraine – the question of Russia has emerged as an important one at the G20 summit in Brisbane. Needless to say, the issue is of huge importance for the EU, and especially for the V4, three of them being direct neighbours of the Ukraine, and all of them depending heavily – although to a different extent – on Russian energy (gas and oil) supply.

Of course, it is still an open question whether the EU (and G20) will be able to find the proper reaction to the Russian/Ukrainian crisis. The fact that the problem is perceived differently by those who are (geographically) closer to and who are farther from the conflict does not help much Different Member States also perceive the effects of the conflict differently (e.g. according to the degree of their dependence on Russian energy supply).

It remains us to hope that this situation helps Europe redefine itself (history has proven many times that it is much easier to find a common denominator in times of danger than in calm periods). If that happens, this may also contribute to strengthen the (political) position of Europe and to keep it among the major players in the world-level economic and political game. In the end, it depends on the Member States – that means, it depends on us.

Poland and the role of the EU in global economic crisis management

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Introduction – Poland's G20 membership opportunities

Since the beginning of the global financial and economic crisis in 2008, the leaders of the main economies agreed that the G20 forum is a main platform to tackle the challenges arising from the crisis, according to the conclusions from the Washington, 2008, London and Pittsburgh 2009 G20 summits. In the similar period in Poland there appeared some voices that it should become a member of this club[1]. Poland's unique experience in surviving the first phase of the crisis and a stability of the banking sector – apart from the size of the economy being 18-21 depending on the calculation method – played an important role as the arguments in the internal debate on possible joining the group.

In 2014 the speculations on possible joining the G20 have revived. Still, Poland is one of the twenty biggest world economies, alongside with Iran and Taiwan, who are also outside the group. And the prospects emerged because of the Argentina rising problems with solvency and the lack of the credibility of the new government regarding the economic policy. Under such circumstances, Argentina's seat might be replaced by another country. Poland, with all its strengths named in 2009 (size, increasing openness, unique crisis management experience, but also a success in transformation of the political and economic system in the last 25 years) could be a successful candidate.

According to E&Y[2] Poland becomes a more systemic country in the world, because of its increasing openness (in trade in commodities, services and the capital flows), the growing financial sector and the increasing institutional cooperation between Poland and the other states. Moreover, it could represent the Central and Eastern Europe, which grows much faster than the Western Europe. This argument is important as apart from the unofficial membership economic size and population criteria, there is also a pressure to make a G20 a forum that represents any region in the world.

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1 Press cited the Polish experts supporting such solution (see e.g.: http://www.bankier.pl/wiadomosc/Polska-ma-szanse-na-udzial-w-szczycie-G20-1904708.html accessed 20.11.2014) Even politicians from the opposition opted for such solution (see e.g.: http://polska.newsweek.pl/kaczynski—polska-powinna-byc-w-g20,46400,1,1.html accessed 20.11.2014).

2 http://www.ey.media.pl/pr/287151/polska-w-g20-jestesmy-wazni-systemowo-ale-musimy-zaczac-myslec-bardziej-globalnie (accessed 20.11.2014)

Additionally, PL have a positive experience in drafting agenda for G20 meetings. This experience does not count regarding the leaders' summits but the meetings at the level ministers of finance, because Poland held a rotating Presidency in the EU Council, which takes a seat in such level of G20 meetings. It was in 2011 in Paris, where the G20 finance ministers discussed the strengthening of the European Financial Stability Facility (EFSF), and more broader on the regaining of the stability in Euro Area, perceived that time as the epicentre of the global crisis.

However, these arguments still seem to be insufficient to join the club. The problem is that there is a consensus that, Poland – contrary to i.e. Norway – is already represented by the EU within G20 forum, and Central and Eastern Europe is still a part of the overrepresented Europe. Most probably, if the changes in this club take place, the possible new member would be rather from Africa or Asia, than from Europe. Additionally, when Donald Tusk start holding a seat of the President of the European Council, in fact Poland would be even more represented by the EU than before. The President of the European Council jointly with the President of the European Commission represents the EU on the G20 leaders' summits. Hence, there would be too little support for Poland's hypothetic candidacy.

Poland's priorities in the G20 summits

Poland still being outside the club, and being there represented by the EU opts for a coherent voice of the EU itself. When apart from the European Union there are four other seats taken by the member states (France, Germany, Italy and UK), their standpoint should be similar to the EU standpoint in order to amplify, not to fade the EU's voice in the G20 forum. Under this condition the unified position of the EU and other member states belonging to G20 would be an influential one. In order to achieve it, the coordination process of the EU position should start at least a half year before the summit, and should be conducted intensely, with increasing the transparency of the process and granting access to the details of to the debated subjects to the all member states on time.

The common position on the particular items should not achieved with difficulties, as many of the current points on the G20 agenda are or have already been discussed as a problem at the EU level. This include many issues, like the public debt restructuring, the tax evasion and profit shifting,

The financial responsibility for crisis (who would pay for banks problems: the bondholders, the taxpayers or the banks themselves?), the growth, jobs, investment and trade. Nowadays, when in the EU, the special framework for banking sector (called the Banking Union) is under construction, and it somehow affects Poland even if it does not join it, the correspondent discussions at the G20 level on the improving the security of the banking sector are important to Poland. Possible solutions at the global level could affect an EU thinking on how to solve the fragile issues like the tensions between the banking sectors and banking supervisions of host and home markets. Poland being a host country not only to the Eurozone but also to the banks from the entire world is interested to maintain a control of the domestically located branches and subsidiaries and thus to maintain a stability of the domestic banking sector. In 2011 around 50% of assets in the domestic banking sector belong to the Eurozone banks.[3]

A second top G20 priority is the tax base erosion and profit shifting, perceived in Poland not only as a factor declining the tax base, but also as a factor deteriorating the productivity of the particular sectors. There exists a grave problem on tax frauds because of the holes in the transnational system of the information exchange on the taxations and in general the leay transnational tax system. Poland tries to fight the activity of the tax carousels either by on its own or by cooperating with the other EU member states. The Polish government even created a special inter-ministerial unit called AFU (Anti-Fraud Unit) to seek the tax carousels and regain the lost taxes. Additionally, ex-minister of finance Jacek Rostowski proposed to create a national Tax Avoidance Council that would regulate the tax system in the context of the tax loopholes. Recently, the minister Mateusz Szczurek prepared the act to limit the tax frauds and tax avoidance and even shortened the *vacatio legis* for this act in such way that it enters into force since 1 January 2015. Still, without a necessary cooperation with the other member states, the loopholes in the tax systems would enable to create more sophisticated tax fraud activities.

The scale of the malevolent activity is severe, and in particular in the steel industry the losses in tax (according to the Polish Steel Association) in 2011 amounted to €1.1 billion.[4] The advantage of the dishonest firms (who take the undue tax return) over the honest one (who just produce the steel and who don't use the tax carousels) because of the unfair price competition (the ones gained undue VAT return and can cut the steel price, while the others cannot cut the price) make the second group fall into insolvency. This convinced the Lakshmi Mittal to call the Polish government to speed up the actions against tax fraud in the steel industry.[5] But also in the other sectors the tax fraud activities brought severe losses to the budget and to the competition in the particular industry. For instance, in 2012 the estimated losses in VAT in sector of electronic

3 Darvas, Z. and Wolff, G. (2013), SHOULD NON-EURO AREA COUNTRIES JOIN THE SINGLE SUPERVISORY MECHANISM?, Bruegel Policy Contribution 06/2013.

4 See: http://i-podatki.pl/index.php/aktualnosci-bilans-bytom/23-aktualnosci-biura-rachunkowego-bilans/309-ukrocone-oszustwa-w-vat-w-kolejnej-brany (accessed 21.11.2014).

5 See: http://www.forbes.pl/witajcie-w-lunaparku-vat-polska-rajem-dla-karuzeli-podatkowych,artykuly,157233,1,1.html (accessed 21.11.2014).

equipment (mainly cellular phones) ranged from €100 million to €450 million. The other example could be a light bulbs sector.

The other issue is the activity of the multinationals to optimise taxes (and linked to it the tax avoidance) and the profit shifting from the jurisdiction taxed heavier to the one where the levies are negligible. The finance ministers underlined that the taxes would be paid in a jurisdiction that the real business activity took place. That is why the G20 commitments to create a system of data exchange are welcomed warmly, as the exchange of the fiscal data might be a step into better assessment of the value of the multinationals activities in particular countries. Basing on it, the proper amount of taxes would be calculated. For, where many of transnational corporations operate, the elimination of the possible losses in taxes may be important, especially in 2014 and 2015, when Poland is pressed to exit the Excessive Deficit Procedure put by the European Commission.

The third priority debated at the G20 summits is rather a novelty: a focus on high quality infrastructure projects. Promoting worldwide high quality investment is advantageous to Poland, bearing in mind the European context. Poland is now the biggest beneficiary of the structural funds, which mostly are spent on investment (notably in infrastructure). Because of the approach of the supporters of the small EU budget (but also because of the bad examples of using EU money), the perception of the effectiveness of the structural funds is less positive. Poland underlined, that of course the there are flaws in the system of spending the EU money, but the member states (notably Poland) set the bar high on quality of the investment in the new financial perspective and would not set it lower. The appearance of this issue at the G20 level might be a good argument to Poland to show, that thanks to the new G20 initiative, the quality of the structural funds investment (in phase of planning on the national, regional and local level; in implementing and post-implementing phases) could be even higher. This would even contribute to the better foundations of the EU's economic growth and prove that the structural funds still have a potential to improve the quality of life in the EU. Moreover, nowadays, when the investment plan of the new President of the European Commission is discussed, the commitments at the G20 level would impact the EU's approach to Juncker's investment package.

The inconvenient items during G20 summits

Poland finds the climate change commitments beyond 2020 as the most challenging part of the G20 discussions. In this context, Poland in difficult position. On one hand, the EU is forging its own internal commitments, which severely hits the industry in Poland. In this case opts for less concrete and less ambitious or more country-specific goals. On the other hand, when the EU pledges to limit the emissions, the other G20 members should make similar commitments in order to eliminate the so-called carbon leakage (that is increasing the emissions in the other parts of the world in consequence of re-location of capital from the EU to elsewhere). So in Poland's interest is to support a worldwide harmonised limitations of the greenhouse gas emissions.

But in case of global commitments there is also a second side of the coin. If the other G20 countries agree to substantially limit the emissions, Poland would need to strengthen the efforts to substantial and quick change its energy mix, which means massive costs to the society. Since the beginning of the negotiations of the EU's energy and climate package, Poland has improved its energy mix by introducing more renewables (from around 7% in 2007 to 11% in 2012 in final energy consumption),[6] which contributed to the reductions in the greenhouse gas emissions but the challenges in this field are enormous and require many years to successfully face.

The relevance of global economic governance to Poland

The two levels of the economic governance – the global and the European one – are increasingly interconnected since the beginning of the financial and economic crisis. The crisis management problems are discussed both on the two levels. Even, if in the short term there appear some discrepancies between these two levels, i.e. in 2010-2011 regarding the stress on the validity of the austerity measures in the Eurozone. But in the longer term these approaches are converging, and the pro-austerity policies are evolving towards pro-growth austerity policies – in other words, a more focus is not on the total quantities of national budget cuts, but on the quality of these cuts and their impact on the economic growth.

Still, the G20 debates and conclusions are to Poland less important than the EU ones, as the second ones generate real, direct and immediate impact on Poland’s economy: the global playground is further to Poland than the European one. In shorter term, the G20 conclusions should be rather used by Poland to influence the EU’s debate on the fragile economic issues. In the medium term this might somehow change. Poland, since the beginning of the crisis started to open up in trade in products and services as well as in terms of investments (both directions). Moreover, the significance of the extra-EU in this openness is increasing, which means that in the future the role of the global economic settings and the global solutions would matter more for Poland.

6 http://ec.europa.eu/europe2020/europe-2020-in-your-country/polska/progress-towards-2020-targets/index_en.htm (accessed: 21.11.2014).

The coordination of shaping the common EU position from the Polish perspective

According to the official documents[7] Poland opts for increasing the coherence of the EU's voice in the G20 summits. Poland notices, that the final standing of the EU is in fact a hostage of the national interests, to the detriment of the EU (notably to the European Commission). One may only assume that these national interests come from the (four) biggest member states. This is a challenge for Poland, which being relatively big would like to have more impact on the final EU's position.

In order to ameliorate these deficiencies, there should be a better exchange of information between the European Council and the Commission. The additional issue is to increase the transparency of the process, especially to the smaller member states, which complain on being too little informed about the details of the EU's position. Poland should motivate the other smaller member states to press the council staff and the bigger member states to grant them equal (i.e. timely) access to the documents to discuss it.

Some Poland's hope regarding more influence on the shaping EU position is the seat of the President of the European Council held by Donald Tusk. His staff would probably be more eager to include the Central and Eastern European Countries. Moreover, he would increase the cooperation with the Commission's President, thus amplifying the EU voice in the G20 forum.

Conclusions

Poland having the aspirations to join the G20 club is increasingly interested in the issues linked with the global economic governance, of which the most important forum since the beginning of the crisis are the G20 summits. Even if nowadays, the chances to join it are feeble, the growing openness of Poland and the increasing similarity of the topics processed at the global and EU-level would make this country more and more concerned on the details of the G20 conclusions. But even if the global crisis management solution would not affect Poland directly, the government should be interested to use the detailed G20 position within the internal EU debate in: the supervision of the banking sectors, the tax base erosion and profit shifting as well as the quality of investment.

[7] http://www.msz.gov.pl/resource/aa1c4aec-a52f-45a7-96e5-06658e73bb4e:JCR (accessed 1.12.2014)

The Role of the EU in Global Crisis Management - View from Slovakia

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It is very fitting that within the project "European Economic Governance Seen from the V4" we have discussed the global perspective in Poland, probably the only V4 country with ambitions global enough to look into the G20 agenda more substantially.

The academic works basically agree that for an EU country that is not a member of the G20, especially if it is a small state, to affect the global agenda is a very long shot. It may be done to a certain extend by a.) working towards a consensus between the dominant actors, b.) via third countries and international organisations and c.) focusing on the EU legislative agenda.[8]

The analysis "The European Union in the G20: what role for small states?" demonstrates that current form of EU representation in the G20 limits the possibilities for small states to defend their national objectives. Even if EU membership allows small states to remain associated with and informed about global policy developments, the presence of individual European countries in the G20 reduces possibilities for influence.

Slovak public administration is very complacent in this respect. No strategic document in the field of foreign, European policy even mentions the ambition to shape the G20 agenda. No preferences when it comes to the procedures how the EU´s input in G20 is being created are formulated. It is largely seen as the European Commission´s agenda. It is a general and accepted notion that the European Commission is best equipped to accommodate preferences of small and middle size countries than the European Council. Even though the EU´s positions are being approved by the European Council, Slovakia and it´s respective Prime Ministers never communicate any stances whatsoever towards the EU´s priorities for the upcoming G20 summits.

It is a paradox, because, when trying to sell the benefits of EU membership as such for Slovakia, one of the arguments goes that the voice of a small country can be heard - via European institutions – at international fora, where, otherwise, nobody would ask the country for our input.
To answer one of the guiding questions for the discussion - Do the V4 treat the G20 platform as the important one in context of their interests? When it comes to Slovakia, the answer is no. Far bigger importance is given to the internal management of the crisis at the EU level. Here, Slovakia

[8] http://www.academia.edu/1882854/The_European_Union_in_the_G20_what_role_for_small_states

is still struggling to have its voice heard for notoriously known reasons that include the quality of the personnel (public official) responsible for creating and advocacy of the national positions and priorities (ideally also for uploading new initiatives on the EU level), the lack of highest political engagement and the lack of skills for coalition building.

Not being able to support this contribution by any relevant policy positions further I try to identify those areas of the G20 agenda that are clearly in the interest of Slovakia and maybe in the interest of wider region which could try to push and develop it further. Those are views of the author and as such are necessarily arbitrary.

Let us firstly look at the institutional angle. What distincts Slovakia from the rest of the V4 group and we have come across that in previous thematic workshops, is the membership in the Eurozone. Euro as a currency plays important part in the global economy. Slovakia should thus form its own position on whether to ally itself with the view of the European Commission that the Eurozone should have its own external representation in some form within the system of international governance.

The fact is that, according to some, the EU is already overrepresented at G20. If the EU and individual member states speak on the same subject, nobody listens and the message gets weaker, Pascal Lamy once said. Even more so, since the EU is represented by both the President of the European Commission and the President of the European Council. „It's hard to see how other parties will interpret this. If we also count Spain, who will be there as well and is also chairing the rotating EU presidency, we'll have three seats in a place already overcrowded by Europeans," Jose-Ignacio Torreblanca from the European Council on Foreign Relations think tank told EU Observer[9]. Bringing another seat for the Eurozone does not seem to be the ideal move in the current setup.

If we look at the Brisbane summit, climate change has been (together with the situation in the Ukraine) the elephant in the room, with Austria as the host country and one of the world's biggest carbon emitters per capita was reluctant to put it on the agenda maintaining it is not strictly an economic issue. The United States and other nations overrode Australia's attempts to keep climate change off the formal agenda. Obama put climate change squarely on the G20 agenda with a speech calling on all nations to act, and committing funds to the Green Climate Fund.

European officials said those were one of the most difficult discussions, but in the end, the EU got the references to most of the things it wanted. The final communiqué called for strong and

[9] http://euobserver.com/news/29713

effective action to address climate change with the aim of adopting a protocol, with legal force, at a UN climate conference in Paris in 2015.

In Slovakia (and the whole V4) the European climate ambitions are very often, if not exclusively, reduced only to their economic impacts. Any progress on the global level towards the binding agreement on climate policies could bring a major shift in the domestic discussion as well, taking away the arguments of those willing to resign on any climate-friendly measures whatsoever citing the case of global polluters and the problem of carbon leakage.

Ukraine was also raised as an issue to the G20, even though not formally. The V4 should nevertheless strive for the EU to raise the agenda of the Ukraine crisis again and again into global spotlight. The international attention concentrated in G20 can temper destructive actions of the actors involved. Before leaving the G20 Summit early, the Russian President Vladimir Putin said a solution to the Ukraine crisis was possible, but did not elaborate. „Today the situation (in Ukraine) in my view has good chances for resolution, no matter how strange it may sound," Putin said. Then he skipped a working lunch at the summit to leave early, citing the long flight home and need for sleep.

Another topic high on the V4 agenda discussed on G20 Summit is anti-corruption measures. These dossiers are hard to push even on the national level, so one we can hardly ask for an enthusiastic engagement of individual countries on the international governance level. This is again where the EU could and should step in.

The topic to keep the eye on is the effort to increase the transparency of the beneficial ownership of companies. Slovakia has a very topical case lately. The speaker of the Slovak Parliament resigned over the accusations he is the beneficial owner of a company that sold overprized medical devices to state hospitals controlled by the his party nominees. In the wake of the scandal the government promised to exclude fraudulent companies without clear beneficiary structures from taking part in public tenders, an initiative long overdue.

In a separate case, the Prime Minister claims that neither he, nor the Slovak intelligence agency, know the full picture of beneficiary ownership of the biggest private health insurance company in the country. That has become an issue because of the government plans to nationalize the health insurance. The plans are lagging behind and the Prime Minister claims he cannot pay owners of the private health insurance company off with a significant sum from the public budget, since he does not know who the final beneficiary will be.

Linked to this is the issue of the fairness of the international tax system and the work done on the Base Erosion and Profit Shifting Plan. The Eurozone crisis has brought an unprecedented spotlight on the income side of the public budgets, which is a momentum that should be nurtured by the EU on the global scale as well.

Lastly I would like to highlight the topic that is rightly addressed in the communiqué of the G20 Brisbane Summit - reducing the gap in participation and put 100 million women into work. The aim is to strengthen global growth and reduce poverty and inequality. It may well seem this is the problem of the emerging economies, but it is simply not. The Global Gender Gap Survey, published annually by the World Economic Forum puts Slovakia on the 90. place out of 141 countries. There are 4 EU countries (Hungary, Cyprus, Malta and Greece) that are placed even lower. The Nordic countries occupy the top ranks. Slovak experts in the field of gender equality warn that Slovakia even backtracks in some respect. Not only we do not have a discussion on which tools supporting the equality to apply, but the basic principle of gender equality that is being constantly challenged. The experience of the Nordic countries is straightforward - the socioeconomic participation of women is key to any emancipation strategy, which is not about the basic human rights, but rather about the need to facilitate the real choice. That is crucial in the country as Slovakia that has currently no women in the government.