Visegrad 25 Years After

Report by V4 Panel of Eminent Personalities



• Visegrad Group

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Chairman's Foreword

Born in times of hope and uncertainty after the downfall of communism, Visegrad's accomplishments are nothing short of historic. It helped our four countries in their pursuit of liberal democracy and membership in the European Union and NATO. Having buried any remnants of past grievances, Visegard has fostered mutual friendship, solidarity and regional stability. It continues to bind our countries together politically, economically and culturally.

The 25th anniversary of Visegrad comes as the European Union is confronted with an unprecedented set of political, economic and security crises. The sustainability of European integration and Euro-Atlantic security - the very frameworks that have made our cooperation possible - is now at risk. Visegard is called upon to assume greater responsibility for the future of Europe as a whole. Its founding objective of a unified and peaceful continent remains as pertinent as it did 25 years ago.

Visegrad must build upon on its achievements and assets - namely, the instinctive trust and solidarity among political leaders as well as societies - in deepening our internal cohesion, in engaging with partners and neighbours, and in addressing common European challenges. Visegrad cannot thrive outside of - let alone as an alternative to - European integration, just as Europe cannot succeed without a strong, cohesive and engaged Visegrad. This is the political vision and purpose that should define and drive our cooperation in the years ahead.

The following report, presented to the Ministers of Foreign Affairs on the occasion of the 25th anniversary of Visegrad cooperation, reflects on the Group's past achievements and future challenges. It was prepared by an independent Panel of Eminent Personalities from Poland, the Czech Republic, Hungary and Slovakia, under the auspices and with support of the Czech V4 Presidency. Its findings should stimulate public debate on all aspects of Visegrad cooperation and provide strategic guidance to governments and expert communities in the four countries.

The report in its inclusiveness reflects deliberately on ideas and impulses originating from the work of Visegrad think tanks and debates within the expert communities. Members of the Panel would hereby like to acknowledge their gratitude to all of them. Their activities are indispensable for the future successful development of the Visegrad group.

Libor Rouček

KEY RECOMMENDATIONS FOR GOVERNMENTS OF V4 COUNTRIES

Cultivate political trust and dialogue based on tolerance, realistic expectations and respect of each country's perspectives, as a basis for further economic integration and cooperation on issues of regional and European importance.

Stimulate trans-regional flows of goods, services and capital as a way of augmenting our countries' competitiveness, with an emphasis on strategic infrastructure and energy projects, supported by a newly established Visegrad Development Fund.

Preserve the flexibility of Visegrad's institutional structure, but upgrade the mechanisms of implementation to ensure that political agreements are followed-up by concrete action and yield tangible results, including through the appointment of joint V4 coordinators overseeing common projects.

Step up public diplomacy and media outreach to promote the Visegrad brand and Central European culture, especially among the younger generation, mobilizing the full potential of the International Visegrad Fund.

Strengthen Visegrad's external relationships in a way that allows for greater differentiation and more intensive modes of engagement with key partners in the EU and neighbours who express such ambitions.

Play a strong, cohesive and positive role in EU affairs, with a special focus on reviving the stalled political momentum behind the Western Balkan enlargement process and the Eastern Partnership programme, as well as contributing toward a rules-based, inclusive and sustainable security order in Europe.

1. ACHIEVEMENTS AND GUIDING IDEAS

Twenty-five years after it came into being, the *Visegrad Group has attained its founding objectives*. The four countries reconciled their historical divergences without diluting their traditions and identities, laying the foundations for lasting regional stability. The Warsaw pact and other structures of the former regime were dismantled without any successor organisation. The objective of accession into the European Union and NATO - anchored in the four countries' commitment to Western values, practices and patterns - is completed.

The origins of Visegrad cooperation date back to a common sense of solidarity among nations trapped under Soviet influence after WW2. What first crystallized as an intellectual and literary vision in the 1980s - inspired by Central Europe's distinctive cultural and historical heritage - later became a vehicle for a momentous geopolitical endeavour: our collective return to Europe and the Atlantic civilization.

In the process, and despite lacking institutional thickness, *Visegrad established itself as the most efficient and visible format for political dialogue and sectoral cooperation in Central Europe*. In a region plagued by legacies of conflict, Visegrad embodied a spirit of inclusiveness and openness: instead of being directed against any power or country, it promoted understanding, friendship and good-neighbourly relations among and beyond its member states.

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in Central Europe.

Looking back at the achievements of Visegrad, it must be recognized that **today's historically unprecedented levels of mutual trust would be unthinkable without NATO and EU membership**, or the framework for international relations that they provided for. Our security, our social welfare and our regional cooperation are inextricably tied to Euro-Atlantic integration.

1.1. Stronger Visegrad for a Stronger Europe

Today, however, that very framework is under immense internal and external strain. The EU is beset with chronically weak economic growth, rising inequality, and institutional challenges of EMU governance; a deteriorating security landscape in our Eastern and Southern neighbourhoods, compounded by an increasingly contested and complex global environment; refugee and immigration crises that threaten to undermine the Schengen system; and a concomitant rise in Euro-sceptic, nationalist and disintegrative currents.

The prevailing sense of self-doubt and mistrust in Europe makes it all the more important that *Visegrad reaffirms its core purpose of embedding Central Europe firmly in EU's normative and institutional construction*. Visegrad cooperation cannot thrive outside of - let alone as an alternative to - European integration. Rather, Visegrad countries must work more closely together to make the EU stronger, more prosperous, more secure, more efficient and more democratic.

The future of Visegrad will be shaped by EU's ability to arrest the interlocking crises, which, in turn, calls for a robust, more cohesive and more effective Visegrad cooperation, as a way of contributing to Europe's renewal. It is an imperative that ought to underpin Visegrad's policy agenda - and, indeed, its organizing political narrative - in the years ahead. In face of uncertainty and creeping fragmentation of the European project, the original ethos of Visegrad - working towards a re-united Europe - is more pertinent than ever before.

The four countries should become a harbinger of political strength, economic dynamism, and constructive initiatives in the EU. They are structurally well-disposed to play the part. In economic terms, having weathered the aftermath of the Eurozone crisis comparatively well, Visegrad remains of the few areas of growth in the OECD area. Politically, the four countries' collective weight in EU affairs is on the rise, not least thanks to Visegrad itself. However, the differences in perceptions of migration crisis between V4 member states and some other EU partners present a political challenge to be addressed as soon as possible, not least to prevent the entrenchment of new dividing lines between old and new member states. In terms of policy and agenda-setting, our countries' experience in struggles against autocratic regimes and building democratic and market institutions remains a powerful intellectual asset. It lends us authority on dossiers such as external, neighbourhood and enlargement policies, or competitiveness of the single market.

More than a decade after accession, *Visegrad societies could be expected to have matured into self-confident and fully-fledged members of the European family*: proud of their national cultures and conscious of their troubled past, but secure in their European identity and enactment of fundamental European values, including human rights, democracy, and the rule of law; sensitive of their national interests and political priorities, but aware of the implications of interdependence; unafraid to voicing their concerns, but bound by pan-European solidarity.

As such, they should be able and willing to bear their share of responsibility for the fate of the European project, so as to safeguard and extend Visegrad's own achievements.

1.2. Trust and Solidarity

To do so effectively, *Visegrad must protect and cultivate its most precious resource - mutual trust*. This need not entail excessive institutionalization or formalization of Visegrad structures. Nor does it require unity and alignment on all issues. After all, trust - to paraphrase Georg Simmel - is both more and less than certainty.

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Trust and solidarity must emanate from collective identity, a genuine belief in the commonality of our welfare, and **strong commitment to shared European values of democracy and the rule of law**, or, barring that, a constructive understanding that strategic dividends of Visegrad cooperation outweigh short-term political and bureaucratic considerations. Either foundation must be sustained through continuous political dialogue, based on tolerance, realistic expectations and respect of each country's perspectives. It should be backed up by efforts to raise public awareness of the V4 brand and our shared cultural heritage to bring our societies closer together, a process in which the International Visegrad Fund plays an indispensable part.

A Visegrad partnership built on enduring trust and solidarity is key to unlocking the potential for deeper economic and sectoral cooperation among the four countries, in areas ranging from infrastructure through defence to education. The same spirit of trust and solidarity must also be projected outwards, and acted upon in addressing common European challenges and engaging with neighbours. It could be Visegrad's most valuable contribution to the future of Europe as a whole.

2. INTERNAL COHESION

In the past 25 years, the four countries have striven to integrate their economies, design mechanisms for policy coordination, and foster societal and cultural linkages. Despite considerable progress, there is ample room for improvement on all three accounts. Simply put: to deepen its internal cohesion and reap further benefits of cooperation, Visegrad must become more actionable and results-oriented.

2.1. Completing Economic Integration

As regards economic ties, the Central European Free Trade Agreement (CEFTA) had proven itself a very successful trade policy instrument. Trade between contracting parties multiplied, the obsolete geographic and product structure was eliminated, and new supply chains sprung into life.

Nonetheless, more efforts by V4 are needed to stimulate trans-regional flows of goods, services and capital as a way of augmenting our countries' competitiveness. While Visegrad collective GDP makes it the world's 15th biggest economy, much of it owes to past FDI flows as well as gains in efficiency and productivity resulting from EU accession. Going forward, our economies will need to develop new sources of growth, notably through increased competitiveness and investments into innovation, lest we are to avoid falling into the well-known "middle-income trap".

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Our ageing and underdeveloped infrastructure remains a major impediment to regional trade. It is often easier for enterprises to ship goods and services to other regions than within the Visegrad area. In the years ahead, *priority ought to be given to strategic trans-regional projects*, such as railway and motorway links, especially along the North-South dimension. The same applies to energy infrastructure, notably gas pipeline interconnections.

Visegrad must improve its operation to play a more active role in fostering regional economic integration, drawing on synergies of public, private and EU lines of funding. In setting joint investment priorities, political will and determination must prevail over short-term and sectoral business interests. In this context, **we support the establishment of a Visegrad Development Fund** to promote and finance regional transport and energy infrastructure projects. The Fund should commission analytical studies, prepare individual investment projects, and harness national, EU and private resources.

Aside from physical infrastructure, Visegrad must shore up and connect its fragmented capital markets, in particular equity finance and stock markets. We need to move forward on building an integrated and liquid capital market-hub, easing access to financing of trans-regional ventures. The tasks should be approached in the context of the on-going EU efforts to build a Capital Markets Union.

Ultimately, all of the above initiatives should be geared toward spurring innovation and R&D as a future source of growth and jobs in the Visegrad area. Hence, they must be complemented by targeted support for collaborative projects in the field of science and education, bringing together public bodies, universities and businesses. *Working towards an innovation-led model of growth* is a defining challenge for the future of V4 economic cooperation.

2.2. Reforming V4 Institutions

It has become a truism that Visegrad's success lies, paradoxically, in its weak institutionalization. We broadly concur. Visegrad's informal and de-institutionalized method of cooperation is useful insofar as it allows for flexibility and tempering of politically disruptive issues. But it comes at the cost of less-than-effective policy implementation and follow-up, as evidenced by deficiencies in transport and energy infrastructure. A case can be made for incremental - rather than revolutionary - reform and build-up of institutional capacity.

While there is no urgent need to establish a Secretariat or a similar permanent structure, Visegrad should *upgrade the ways in which common initiatives are handled by national governments*. Overall coordination of Visegrad activities should be brought under the remit of the Prime Ministers' Office, with *senior officials appointed as national coordinators* in each country. This would also help mainstream Visegrad affairs across all walks of central administrations, underscoring the point that Visegrad cooperation cannot be equated with "foreign" policy - and, as such, transcends the purview of diplomats and foreign ministries - but constitutes a substantive element of governance. By the same logic, Visegrad needs more formats *for cooperation among V4 sectoral ministries on regular basis*, drawing on the example of Nordic Council of Ministers.

Furthermore, to boost Visegrad's own analytical resources and strategic coherence, it would be helpful to *strengthen cooperation among think-tanks* within the Visegrad Group. A small group of senior analysts should monitor issues pertaining to regional and European integration, and assist V4 Presidencies in policy planning and formulation of joint agendas.

Finally, Visegrad needs more efficient mechanisms to ensure that political agreements are followed-up by concrete action which, in turn, yields tangible results. In

short, it needs more accountability. In this respect, we support a proposal whereby joint V4 Coordinators are appointed for each individual project that is mature enough to be translated into action, with responsibility for seeing it through, in cooperation with officials delegated by the relevant ministries.

2.3. Promoting Culture and Identity

For better or worse, *Visegrad remains an elite-driven project*: conceived by intellectuals, kept alive by political leaders, and managed by diplomats and other government officials. Its constituency rarely extends beyond political, expert, NGO or cultural communities. In recent years, and largely thanks to the activities of the International Visegrad Fund, Visegrad's disconnect from the general publics is gradually being bridged. Still, according to a June 2015 IVF survey, almost a half of Visegrad countries' citizens ever heard of the grouping. Despite growing interpersonal bonds among the four societies, various misunderstandings, prejudices and negative stereotypes still prevail.

For Visegrad to flourish as a politically cohesive organisation, it needs to **broaden** its constituency, especially among the younger generation. Effective public diplomacy and media outreach is necessary. However, stronger media cooperation within the Visegrad Group should be supported. A more strategic and multifaceted approach is needed, spanning investments into scholarships and student exchange schemes, cultural events, contacts between regions and municipalities, and mobilization of cross-border civil society networks. The IVF should be fully supported in catalysing these connections.

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Culture should be at the heart of the project. A well-funded, multiyear program for the promotion of Central European culture should be introduced, exhibiting the richness and commonality of Central European cultural heritage. While politics and history often drew us apart, it is through culture that we discover, perform and enhance our Central European identity.

3. EXTERNAL RELATIONS

The aspiration of Visegrad transcends that of a mere regional integration grouping. It is also an international actor in its own right, with a set of external relations, a common defence structure in the shape of the Visegrad EU Battle-group, and an ambitious geopolitical vision: contributing to a united and peaceful Europe. Given the vexing state of contemporary European security, Visegrad cannot afford to forgo its original aspiration; instead, we should pursue it with renewed vigour and strategic foresight.

3.1. Refining External Partnerships

In the foreseeable future, the *Visegrad Group will not - and should not - expand*. While its membership falls short of covering Central Europe as a whole, it is nonetheless too established and historically-rooted a brand for enlargement to be a viable option. Instead, Visegrad should refine and diversify its engagement with regional partners and third countries in the V4Plus framework.

At the moment, Visegrad has more than twenty external partners, ranging from EU Member States through Western Balkan and Eastern Partnership countries to Japan. While testifying to the maturity, flexibility and comprehensiveness of the V4 outreach, such a wide scope of partnerships, if developed under a single institutional umbrella, carries the risk of diluting political focus. Differentiation seems a reasonable way forward. We should *identify a distinctive group of key partners* - notably Germany, Austria and other EU members, as well as countries of the Western Balkan and Eastern neighbourhood regions who express ambition for more intensive cooperation - and establish special relationships that lift them out of the overarching "V4Plus" concept.

When leveraging its external partnerships - and the various instruments of bilateral and multilateral dialogue, technical assistance or IVF-funded education and cultural programs - Visegrad should position itself as a regional hub: a conduit for harnessing the power of cross-national networks; a platform for connecting state, corporate and civil society actors from EU Member States, candidate countries and Eastern neighbours. In the same spirit, and drawing on its own template, Visegrad should *engage with and promote regional integration initiatives*, especially in the Western Balkans.

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Beyond our immediate vicinity, Visegrad should carry on cooperating with current or new partners in the existing V4Plus framework, focusing also - though not exclusively - on coordinated economic diplomacy and joint promotion of V4 exporters.

3.2. Leading on Enlargement and Neighbourhood

While V4 partnerships are useful in promoting stability, democracy and good governance in the region, it is through common EU external policies that our countries wield the greatest power to shape outcomes. Two dossiers should feature atop our agenda: *Western Balkan enlargement and the Eastern Partnership*. Both projects are in a state of flux, their constitutive ideas contested, and their direction uncertain; which is why, in the years ahead, Visegrad should mobilize its regional expertise and exercise strategic leadership in driving the two EU policies forward.

Having benefited from the transformative power of EU enlargement, Visegrad countries have a moral duty - as well as a strategic imperative - to **push for the completion of the Western Balkan enlargement** and realize the promise of Thessaloniki. The persistence of EU's enlargement fatigue, in conjunction with effects of the refugee crisis and accumulated problems in the rule of law and institution-building, puts the region at risks of renewed instability. Visegrad countries must cohere around a viable plan of action to inject new momentum into the process.

The Eastern Partnership, which Visegrad countries helped instigate in 2009, fell victim to a similar spiral of frustrated hopes and political disinterest. The review of EU's neighbourhood policy, completed in 2015, portends a turn toward a more interest-based and security-focused approach, partly in response to the Ukraine conflict. In this changing landscape, Visegrad countries should cohere around a shared hierarchy of priorities when it comes to security, democratisation, energy, or mobility. Visegrad countries should lead a coalition of like-minded EU members in framing a **positive vision of deeper engagement with Eastern neighbours**, especially with partners who have demonstrated commitment to European values and embarked on costly reforms in the framework of the Association and DCFTA Agreements.

3.3. Gaining Strategic Depth

While fully anchored in the EU and NATO, Central Europe remains a region squeezed between Western and Eastern Europe, which means it must be actively *engaged* in *strategic debates* on the future of European security architecture. Visegrad countries have a solid track-record in defence and security cooperation, culminating in the EU Battle-Group Project, which is currently (2016) on stand-by. They have acted responsibly and constructively in supporting NATO's efforts to bolster the Eastern flank of the Alliance in the aftermath of Russia's 2014 annexation of Crimea. Likewise, they have aligned themselves with common EU positions in support of Ukraine's territorial integrity, and, despite some early hesitations, endorsed EU's sanctions package against Russia, conditional upon full implementation of the Minsk II agreement. Moreover, V4 countries have strong interest in strengthening the cooperation between the EU and the NATO.

Visegrad must be actively engaged in strategic debates on the future of European security architecture.

Going forward, Visegrad should contribute to the ongoing *quest for a workable model of EU-Russia relations*, a formula that would define Russia's place in Europe and serve as a basis for a sustainable and rule-based security order. The emergence of a new equilibrium is central to our long-term security and well-being.

We should be careful not to construe Central Europe as either a mediator or a "shock absorber". At the same time, thanks to our geography, experience and knowledge - and, paradoxically, due to the fact that Visegrad countries espouse divergent views on Russia - we are well-positioned to *articulate innovative*, *credible and balanced proposals*. To be sure, any EU-Russia strategy must be predicated upon by a realistic assessment of common interests, not lofty ambitions. It will require statecraft, strategic depth and clarity of purpose: should our countries prove capable of delivering such joint proposals, it would mark a clear sign that Visegrad has grown into a serious and self-confident international actor.

4. NEW CHALLENGES

As too many of Europe's political and institutional structures, Visegrad was designed and thrived in times of good weather. It cemented political trust and facilitated our Euro-Atlantic integration under an exceptionally benign set of regional and geopolitical circumstances. That era is over. In the next 25 years, Visegrad must *adapt to a more convoluted reality*.

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The on-going migration crisis is but one manifestation of the challenges ahead of us. Irregular migration flows are symptomatic of the growing tension between the forces of globalization and interdependence, on the one hand, and political and security fragmentation, on the other. The crisis also reminds us that **complex phenomena such as immigration cannot be addressed through national measures alone**. Rather, they necessitate collective action, political solidarity, and holistic solutions, encompassing tools of security, international law, diplomacy, economics, and social or cultural integration policy.

As the Visegrad Group, our shared priority must be to **protect the freedom of movement guaranteed by Schengen**, one of the greatest achievements of European integration. The Visegrad countries, three of which act as guardians of Schengen's border, must partake in forging a common European approach.

As it confronts future challenges, Visegrad cooperation can build on 25 years of steady progress and accrued political trust. It must stay true to the values, structures and practices that served it well, while reinforcing and reinvent them to stay fit for purpose. That inter alia includes more effective institutional framework for implementation of regional projects; closer coordination of positions and **stepped-up role in EU and NATO decision-making**; bringing down barriers to trade, investment and capital flows; streamlining of financing mechanisms, including a new Development Fund; enhanced planning and analytical capabilities by the strengthening of the cooperation among the V4 think tanks; and a concerted effort to **boost the Visegrad brand** in the region and across Europe.

It is often asserted that, having fulfilled the objectives of accession to the EU and NATO, Visegrad is an organization without a purpose. We disagree. To the extent that Visegrad needs to frame a new meta-narrative - a forward-looking vision to organize its activities - it need not alter its founding ideals, which tied our region's future to that of a united and peaceful Europe: to navigate the uncertainty and challenges of the next 25 years, *Europe will need a strong*, *cohesive and engaged Visegrad as Visegrad will need a strong*, *cohesive and engaged EU*.

EMINENT PERSONALITIES

Czech Republic

Libor Rouček, the Chairman of the Panel, was the political commentator of the Radio Voice of America in Washington D.C. (1988-1991), in 1998-2002 he served as the spokesman of the Czech government. He was member of the Czech Parliament (2002-2004) and member of the European Parliament (2004 and 2014). He was elected Vice-President of the EP (2009-2012) and Vice-President of the Socialist and Democrat Group in the EP (2012-2014).

Jacques Rupnik is a senior research fellow at the Center for International Studies, professor at Sciences Po and the College of Europe in Bruges, author of numerous studies on East-Central Europe. He was an advisor to the President of the Czech Republic, Václav Havel, and has served as an advisor to the European Commission.

Hungary

János Martonyi is an international trade lawyer, professor at the Law School of Szeged, College of Europe in Brugge/Natolin and the Central European University, Budapest and managing partner of Baker & McKenzie Budapest Office (1994-1998, 2002-2009). He is former Minister for Foreign affairs (1998-2002, 2010-2014).

Dr. Katalin Szili is a lawyer, political scientist and human ecologist. Since 2015 she has been the Prime Minister's Commissioner. She served as a former Speaker of the Parliament of Hungary (2002-2009), Secretary of the State at the Ministry of Environmental Protection (1994-1998). She was a Member of the Hungarian Parliament (1994-2014).

Republic of Poland

Prof. Dr. Jacek Purchla is a Professor of Humanities and a member of the Polish Academy of Arts and Sciences. He is the head of the Department of Economic and Social History at the Krakow University of Economics, as well as head of the Chair of European Heritage in the Institute of European Studies at the Jagiellonian University. Since 1991 he has been the organizer and director of the International Cultural Centre in Krakow. He is the President of the Polish National Commission for UNESCO.

Prof. Wojciech Jerzy Gizicki, a Member of the Panel since February 2016, is a sociologist, security and political scientist, associate professor in Chair of International Relations at the Institute of Political Science and International Affairs, Faculty of Social Sciences, John Paul II Catholic University of Lublin, Poland. He has established the Sądecko-Lubelski Institute, a non-government organization acting for the promotion of democracy and civil society. He is Member of the Polish European Studies Association.

Dr. Andrzej Olechowski was Member of the Panel until January 2016. He is a Chairman of the Supervisory Board of Bank Handlowy, Director of Euronet and Member of the Supervisory Board of P4. He sits on the Advisory Panel of Macquarie European Infrastructure Funds. He is a Chairman of the Polish Group in the Trilateral Commission and Member of European Council on Foreign Relations. A former Minister of Foreign Affairs (1993-1995) and Minister of Finance (1992), he was a candidate in Presidential elections (2000 and 2010) and a founder of the Civic Platform.

Slovak Republic

*Pavol Deme*š is an independent expert on international relations and civil society. Since 1989 he has served in consecutive Slovak governments at Ministry of Education, later he became Foreign Minister and Foreign Policy Advisor to the President. He is non-resident senior fellow with the German Marshall Fund and board Member of the European Endowment for Democracy.

Eduard Kukan is a career diplomat and politician. He was the Minister of Foreign Affairs of Slovak Republic (1994, 1998-2006). Following his diplomatic assignments in Africa and the United States he had served as the permanent representative of Czechoslovakia to the United Nations. In 1993 he became the first ambassador of Slovakia to the UN. From 1999 to 2001 Mr. Kukan served as the special Envoy of the UN Secretary General for the Balkans. Since 2009 Mr. Kukan has been Member of the European Parliament.

