

# Chapter 1

## Introduction – Germany and the Central and Eastern European Countries Revisited

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The present volume's aim is to give an overview on the political and economic relations between Germany and Central Eastern Europe (CEE). Our study volume was inspired by a similar undertaking of the Friedrich-Ebert-Stiftung and the Latvian Institute of International Affairs in 2011–2012, to which the editor of the present volume was a contributor. Back then, eight country chapters were dedicated to analyse the relationship between Germany and the Baltic and Visegrád countries, along with an introduction by Kai-Olaf Lang (Stiftung Wissenschaft und Politik). Edited by Andris Spruds, the study volume *Friendship in the Making: Transforming Relations between Germany and the Baltic–Visegrad Countries* was published in Riga in 2012, giving valuable insights to scholars, diplomats and the public at large interested in the foreign policies of Germany and the countries of the region.

Much has changed since 2012, when the aforementioned study volume was published. From Brexit to Trump, from the migration crisis to the war in Ukraine, from Nord Stream 2 to the re-invigorated EU enlargement policy, the strategic environment changed significantly. Also, in light of the past couple of years, it seems as though the goals and interests of the CEE countries and Germany would increasingly diverge. The handling of the migration crisis and the mandatory resettlement quota, the sanctions regime against Russia, differing views on energy policy – these are just a few topics where Germany and (some) CEE countries pursue different interests and, therefore, policy goals. Therefore, an interesting paradox arises. After decades of separation before 1990, Germany and most CEE states are now finally common members of institutions such as the EU, NATO and OSCE, working together in various fields. Other CEE countries also feel the “gravitational pull” of these institutions. Yet rather than converging in their foreign policy goals, Germany and the CEE countries seem to be drifting apart. It was with this in mind, that the idea for the present volume took shape.

Some researchers have predicted just such a development. “Without the goal of accession as a disciplining factor, relations between Germany and the Visegrád countries should continue to loosen after enlargement” wrote Vladimir Handl as early as 2003 (BAUN 2005, 381). This school of thought sees the eastern enlargement of 2004 as an end of an era. To put it simply, before the CEE countries joined the European Union, Germany had huge leverage over their foreign policy through the conditionality of the enlargement process. Since 2004, however, the ‘cost of non-compliance’ with Germany has significantly

decreased and diverging interests and opinions have increasingly come to the fore. In terms of the well-known structure–agency problem, this argumentation is much closer to the ‘structure’ end-point than to the ‘agency’ end-point, meaning, that the role of personalities like Orbán, Kaczynski and Merkel seems to be only secondary in explaining the widening rift between Germany and the CEE states: the German–CEE relationship would have been more confrontational after 2004 regardless of the politicians in power and, crucially, will continue to be in the future.

Yet, as we will see in the forthcoming chapters, not all countries have seen a drifting apart in their relationships with Germany. Some, such as Slovenia or Slovakia, still enjoy relatively problem-free relations with Germany, while the same cannot be said of Hungary or Poland. In short, there is considerable variation between the examined countries – although theoretically all can afford to oppose Berlin in some issue areas or others. How can we account for this development? Are the personalities of the various Prime Ministers and Foreign Ministers the crucial variable? Put differently: Is agency the key in the relationship of Germany and the CEE countries? If so, we should expect significant changes in the relationships between Germany and the states of the region whenever elections put different, new parties in power in one country or another.

With these initial assumptions as starting points, the main research question of the chapters were, obviously, the following: Do we really see a drifting apart in the relations between Germany and the CEE countries in recent years or is this just a fleeting impression? Did the leverage of Berlin indeed decrease in the CEE countries? If so, should this be seen as something normal/inevitable, or is it heralding a new era of more confident CEE countries, diverging interests and occasional tensions between Germany and the region? Are CEE countries even on a look-out for new partners, substituting Germany?

As to the structure of the papers, the contributors were asked to apply a similar structure in their papers. After short introductions, the first part of the articles sketch, in a chronological manner, the bilateral political relations since 1989, including questions such as converging/diverging interests in the bilateral context, unresolved disputes and problematic issues and public opinion and domestic rhetoric towards Germany. In the second part, the economic relations since 1989 are presented, including commercial relations (high/low exposure vis-à-vis Germany); trends in commercial relations (is Germany’s share increasing or decreasing, especially since accession to the EU?), German foreign direct investments (FDI) and company ownership structure and the trends of German FDI activity since 1989. In the third part, institutional relations are examined. Do the CEE countries and Germany have converging or diverging interests in the multilateral (especially EU, but also NATO, OSCE, etc.) context? Which issue areas constitute options for cooperation and where are underlying differences in perceptions and solutions? In the concluding part, the contributors were asked to draw conclusions and to try to reflect on the pertinent research questions.

The countries studied are only partly the same as in the project of 2012. In this volume, the country chapters include Poland, the Czech Republic, Slovakia and Hungary as well as Austria, Slovenia, Croatia and Serbia. In other words, we are leaving out the Baltic countries but include three pivotal states of the former Yugoslavia along with Austria. The reason for this is that the present study volume was written and edited in the framework of a research project called PEACE (Partnership in East-Central Europe), organised by the Center for

Strategic and Defense Studies (CSDS) of the National University of Public Service located in Budapest. The area of interest of the PEACE project is, ultimately, the countries bordering Hungary (plus Poland and the Czech Republic). Therefore, several other post-communist countries are also left out of the volume, like Macedonia, Bulgaria, Moldova or, for that matter, Russia.

We argue that the covered eight countries offer a good, though by no means exhausting, cross section of Central and Eastern Europe. Let us start with the common features. Six out of seven countries are members of the European Union (Serbia is the exception). All have acceded in the past 25 years: Austria in 1995, Poland, the Czech Republic, Hungary and Slovenia in 2004, and Croatia in 2013. (As for Serbia, it has been granted official candidate status in 2012. Negotiations have started in 2014 and are still ongoing.) Five countries are also members of NATO: Poland, the Czech Republic and Hungary have joined in 1999, Slovenia in 2004 and Croatia in 2009. Only Austria and Serbia remain outside the alliance. All countries are also members of the Organization for Security and Co-operation in Europe (OSCE). Austria, Poland and the Czech Republic share a common border with Germany. With the exception of Poland, all countries are relatively small, both in terms of size and population as well as GDP. All have close economic ties with Germany and are important targets of German foreign direct investment.

Table 1.  
*The eight case study countries*

	EU member	NATO member	Neighbour of Germany
<b>Austria</b>	✓	X	✓
<b>Slovenia</b>	✓	✓	X
<b>Croatia</b>	✓	✓	X
<b>Serbia</b>	X	X	X
<b>Poland</b>	✓	✓	✓
<b>The Czech Republic</b>	✓	✓	✓
<b>Slovakia</b>	✓	✓	X
<b>Hungary</b>	✓	✓	X

*Source:* Drawn by the author.

Maybe the most important commonality is that all countries are post-communist – with the obvious exception of Austria. Is this really important almost thirty years after the fall of the Berlin Wall, one might ask. We argue that it still is: as we will see in various chapters, the history of the 20<sup>th</sup> century still very much shape their relations with Germany. The CEE countries are relative new-comers in the EU and NATO; in economic terms, they are still lagging behind, trying hard to catch up to the EU average; and exhibit social patterns and features (from extremely low birth rates to hostility towards migration) that, to some extent, set them apart from the non-post-communist European countries. Of course, we do not argue these countries constitute a homogenous bloc. As well as similarities, they have many differences, often pursuing different goals in the EU: witness the difference between rebellious Hungary and rule-following Slovenia as regards the mandatory resettlement

quota, for instance. In short, in many issue areas the interests of the CEE countries widely diverge. Still, the migration crisis has also shown that the post-communist countries still form a distinct group inside the European Union, limiting the options of their decision-makers.

The great outlier is, of course, *Austria*, which is neither post-communist nor a NATO member. We nevertheless find its position worth examining, for three reasons. As a neighbour and important trading partner of both Germany and Hungary, its relationship with Germany is an important factor in the politics of the region, both bilaterally and inside the European Union. Second, Austria has recently positioned itself more forcefully on the international arena, taking a particularly active stance in the migration crisis. Thirdly, we feel that traditional Austrian foreign policy is a somewhat neglected topic in the scientific literature of the CEE countries: on the one hand, it is not 'Central Eastern European enough' to be included in studies of the region. On the other hand, it is not 'big' or 'powerful' enough to be examined by scholars of the region with the same intellectual rigour and frequency as Germany, France or the United States. We sought to remedy this by including Austria in our research project. In his contribution Christopher Walsch sheds light on the six cleavages which tend to unite or divide Austria and Germany, both bilaterally and multilaterally, with the uniting factors in a clear majority.

To a lesser extent, *Serbia* is also a country with a more distinct development path than the other countries. It is neither an EU, nor a NATO member and does not have a common border with Germany. Nevertheless, we find it important to include Serbia, justifying it with three reasons. First, it is thankfully on the way of becoming a member of the European Union in the next decade. Therefore, it is important to get to know the positions of the Serbian foreign policy a bit more thoroughly than is the case today. Once in, it will have an important role to play on the EU's south eastern flank. Secondly, as Hungary's neighbour, significant trading partner and important target country of Hungarian FDI, it is worthwhile to take into account Serbia's somewhat troubled but expanding relationship with Germany. Thirdly, as a country with a communist past, it shares many of the economic, social, political and cultural traits of the other CEE countries included in the project. In many sense, for example their historical heritage, Hungary and Serbia are much closer and relate more easily to one another than Hungary and Germany with their quite distinct development paths over the last decades. In their chapter, aptly entitled *From Confrontation to Unequal Partnership* Marko Savković and Jelena Volić-Hellbusch trace the past and present of the Serb–German relationship with clear implications for the future.

No edited volume on the relationship of the CEE countries and Germany would be complete without *Poland*. Bearing in mind Poland's leading regional role and much recent disagreement between Warsaw and Berlin, Rafał Ulatowski sketches the past twenty-five years of Polish–German relations, concluding that the era of Polish bandwagoning with Germany has firmly closed. As regards the *Czech Republic*, Jana Urbanovska and Zdenek Kriz characterise their country's relationship to Germany as mostly pragmatic: whereas on the strategic issues of European policy and the role of Germany there was often no consensus between Prague and Berlin, on issues of practical cooperation there was usually agreement both between the capitals and across the Czech political spectrum. Vladimír Müller, in his paper on Slovak–German relations, draws a rather positive picture, with the only Eurozone member of the Visegrád countries enjoying a stable, if asymmetric

partnership with Germany. As a country with significant German FDI, *Slovakia* also has strong economic ties with Germany. If the refugee crisis was crucial in the case of the other Visegrád countries and their relationships with Germany, this has been even truer with regards to *Hungary*, where this topic tended to overshadow all other (usually less conflictual) foreign policy areas, such as economic cooperation. Nevertheless, András Hettyey identifies a certain estrangement between the leadership of the two countries, encompassing the press and, to a lesser degree, the public opinion.

Turning to the former Yugoslav republics, Marko Lovec, in his chapter on *Slovenia* and Germany, emphasises, among other aspects, the recent emergence of political forces with anti-German attitudes, yet adds that these have been too weak to significantly change the course of the bilateral relations which remain strong. In his contribution on Croat–German relations, Sandro Knezović starts by sketching Germany’s important contribution to *Croatia’s* independence after the breakup of Yugoslavia. Building on much goodwill, Germany supported Croatia’s belated EU and NATO accession, further cementing the good relationship. With similar interests in the Western Balkans, an important ‘bridge community’ in Croats working in Germany and strong economic relations, this particular relationship seems to exhibit less signs of drifting apart than other cases.

It should come as no surprise that there are some common threads among the chapters. Asymmetry is clearly one of them, with Germany being both more populous and having a bigger GDP than the other eight countries combined. The shadows of the past, or as Lang called it, ‘historisation’ is also an issue which emerges between Germany and some of the countries (notably Poland, the Czech Republic and Serbia) (LANG 2012, 11). Europeanisation, i.e. insertion of the CEE countries in EU and NATO and their subsequent activity in these institutions is another common experience – save for Serbia. (Inter)dependence is also a topic which features highly in our chapters. Yet significant differences also exist, partly due to the simple fact that the eight countries under survey are quite heterogeneous, with distinct features in their size, history, economic structure and identity which all shape their relationship vis-à-vis Germany. As already noted, the diverging perceptions of, and solutions to, the migration crisis is significant for recent German–Polish or German–Hungarian relations but much less so for Serbia or Slovakia. Energy policy, especially Nord Stream 2 is another issue whose salience varies greatly among the eight countries. All this adds up, we hope, to chapters which show both the commonalities and the differences of the CEE countries in their relationship with Germany.

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