

Chapter 8

Germany and Central Europe: Drifting Apart?

The Case of Slovakia

Vladimír Müller

1. Introduction

Slovakia and Germany are long-term political and economic partners who together are members of the EU, Eurozone, Schengen Area, NATO, OECD and the WTO. In the past, Slovakia and Germany witnessed a number of significant shifts in mutual relations related to the government changes in Slovakia. During the era of Prime Minister Mečiar, mutual relations were cautious and cold due to his authoritarian inclination and Slovak economic transformation problems. Later, after the change of government, mutual relations improved and Germany often acted as a defender of Slovak national interests when it came to EU and NATO enlargement.

The economies of both states are deeply interconnected so both states usually share the same interests in the field of EU policies. However, the relationship is asymmetric – Slovakia is significantly dependent on Germany whereas Germany is not reliant on Slovakia. Slovak political elites always have accepted Germany as the natural leading power within EU and even the most visible mutual disagreements in fields like migration policy, economic sanctions against Russia and Nord Stream 2 have partially influenced but not changed this course.

2. Bilateral Political Relations since 1989

Since the German reunification in 1990, Germany has become a new actor in European and global politics which began to shape and significantly influence processes of new political configuration on the European continent. From a geopolitical perspective Germany could for the first time in its history find itself not in a position of front state encircled by enemies, but rather in a secure position of a state that could no longer be threatened by traditional conventional threats. In terms of European politics, Germany was mostly seen as a political guarantor that supervises stabilisation processes in Central and East European countries through facilitation of democratic transition and support for accession in Euro-Atlantic structures.

The fall of the Iron Curtain accompanied with the loss of Soviet and communist influence in Central and Eastern European countries created an unprecedented situation. For Czechoslovakia these changes meant not only the beginning of the transition process from a centrally planned and state-owned economy to market economy and democratic

society, but also the launching of the dissolution of the common state and the creation of two new independent countries on the map of Europe. During the first years (1990–1992) of transition both the Czech Republic as well as Slovakia were exposed to many negative trends that accompanied the transition process. The transition was connected with unavoidable economic recession and high unemployment. However, Slovakia was lucky enough to be part of Czechoslovakia during the first wave of transition reforms which slightly softened the economic recession problems.

In general, the consequences were much harder for Slovakia than for the Czech Republic. The loss of former Soviet markets, especially in the area of heavy industry, contributed significantly to a new phenomenon – rising unemployment which in 1993 rose to almost 13%. Moreover, it took Slovakia almost 10 years to recover from economic depression and achieve the same level of GDP as in 1989.

During the Mečiar era (1993–1998) Slovakia had to cope with several difficult challenges including the establishment of the fundamental institutions of an independent state. At the beginning, Mečiar's government pursued former federal economic policies but diverted from the original reformist strategy in several important aspects. This period could be well characterised by the conduct of irresponsible and populist politics characterised by corruption, clientelism, growing international isolationism, unsystematic interventions, expansionary fiscal policy and disregard for the rules of liberal democracy (MIKLOŠ 2014).

According to Leško, Mečiar was also known for his conflictual political behaviour which complicated Slovak bilateral relations on international scene. A vivid example of such an activity was the conflict between Slovakia and Germany in 1995 concerning the Slovak name for the German state. The German side asked to make official the variant “Spolková Republika Nemecko” rather than “Nemecka Spolková Republika” because the latter evoke the name from the Cold War era. However, Mečiar refused to accommodate the German request and reacted in an irritated way by asking whether the Germans needed Slovaks to change grammar rules as a way of displaying political loyalty. However, in the end the Slovak side agreed to accept the German variant but the only outcome of the conflict was a significant delay in signing bilateral treaties and the unwillingness of Chancellor Helmut Kohl to meet the Slovak PM for another year despite Slovak requests (LEŠKO 1996).

The political situation in Slovakia significantly changed after the 1998 parliamentary election which brought to existence a broad coalition of centre-right and left (but first of all anti-Mečiar) parties under the Prime Minister Mikuláš Dzurinda. His major political goal was to overcome international isolation of Slovakia by its integration to the EU and NATO. However, the domestic situation was far from ideal as the new leadership had to face enormous challenges at home. The country was politically and economically isolated. The unemployment was at its peak above 20%, the state was not able to pay back its obligations and was borrowing at interest rates higher than 25%. Insolvency and corruption were very common, the judiciary was dysfunctional, and the three largest state owned banks were at the verge of collapse. The price paid for the distortions of the economy was high.¹ But after four hard years, the First Dzurinda Cabinet (1998–2002) managed to restore

¹ The restructuring of the three largest state-owned banks, which were largely insolvent at that time, cost an amount equivalent to 12% of the country's GDP. There was no alternative, however, as the banks would otherwise have collapsed, bringing the entire economy down with them (MIKLOŠ 2014).

macroeconomic balances, improve the business environment and attract foreign investments that took stakes in some of the natural monopolies (MIKLOŠ 2014).

The Second Dzurinda Government (2002–2006) which brought to power a homogenous centre-right government was the most pro-reform oriented government in the history of Slovakia. It used this historically unique window of opportunity to implement more radical changes and structural reforms than other transition countries. These reforms could be labelled as second wave reforms and the most visible were implemented in the beginning of 2004. These measures manifested themselves mostly in the simplification of tax regimes² among which the most visible was the introduction of the 19% flat tax rate (personal income, corporate income, allowance and value added) which replaced the previous old tax regime.

The tax reform was such a visible reform tool that it also influenced the German pre-election debate in 2005. Before the election, the Christian Democratic Union included its flat tax proposal in its election manifesto. In August 2005, Angela Merkel announced that should the CDU be able to form a government, she would appoint a prominent flat tax advocate, Professor Paul Kirchhof, as Finance Minister. Following this announcement, the SPD launched an effective counter campaign claiming that the introduction of flat tax reform would favour the rich. Based on this counterattack Merkel decided to distance herself from Kirchhof's proposal, but this increased the CDU's popularity only slightly. Moreover, the Slovak tax reform was also criticised by German Chancellor Gerhard Schröder, French Finance Minister Nicolas Sarkozy, and Swedish Prime Minister Hans Göran Persson. They claimed that lowering the taxes in some new EU member states leads to "unfair tax competition" or "tax dumping". The criticism was twofold. Firstly they claimed that tax reforms would lead to shortfalls in the budgets of new member states which will have to be later compensated from EU funds. Secondly, they argued that such a tax decrease would encourage the influx of investment from old to new member states (MIKLOŠ 2014).

In July 2014, the newly elected Slovak President Andrej Kiska visited his German counterpart Joachim Gauck. The result of the meeting reaffirmed that the mutual relations are at an excellent level. However, it has to be noted that the official visit happened just before the start of the refugee crisis. The Slovak President emphasised that Slovakia considers Germany a strategic partner in the political and economic area. Moreover Germany is by far the most important trading partner of Slovakia and at the same time a key investor. The visit in Berlin ended the Slovak President's first round of visits after meetings held in Budapest (a meeting of V4 Presidents with the German President), Prague, Warsaw, Vienna and Berlin. The Slovak President's roadmap in the context of the German visit only emphasised that Germany plays an undisputable role in the Slovak foreign policy.

However, the most interesting shift in bilateral Slovak–German relations could be observed during the refugee crisis. In a sense, the Slovak Government opted for a common position with the Visegrád countries which were at odds with the official German position. The Visegrád rejection of European proposals for the mandatory resettlement and relocation

² These reforms included the repeal of almost all tax exceptions, special rates and tax regimes, almost all deductible items, double taxation wherever possible, elimination of the tax system's distortion elements, introduction of a single value-added tax rate with no exceptions and the introduction of a flat income tax. The Parliament passed the new tax legislation in the autumn of 2003 and the new system went into effect on 1 January 2004 (MIKLOŠ 2014).

mechanism left the Visegrád countries isolated in the European Union. The Slovak position was different from the German one and addressed the importance of solving the roots of the crisis, not the consequences, as well as a stronger external border protection. Going back to 2015, Germany was surprised that more countries did not share its idea and point of view. The refugee crisis showed that the Slovak–German relations mirror a much larger phenomenon and that is the question of German leadership in the European Union and its perception among the rest of the EU member states. When Germany acts, it is doomed, when it does not act it is criticised for the absence of leadership. Germany showed leadership in the Ukrainian crisis and the migration crisis, but did not show leadership in other EU issues. German leadership is needed but it should be inclusive, coordinative and based on compromise.

In August 2017, Slovak Minister of Foreign Affairs Miroslav Lajčák and his German counterpart Sigmar Gabriel signed a Memorandum on systematic interstate cooperation or so called “structural dialogue”, which facilitates the systematic and regular contact on every level of state administration. It allows closer contact between Slovak and German ministries, parliaments, Bundesländer and Slovak self-governing regions and between cities and municipalities. Germany has signed this kind of memorandum only with a few selected countries which are Germany’s most important foreign partners (MFEA of the Slovak Republic 2017).

In 2017, the bilateral relations between Slovakia and Germany are excellent and with the exception of the solution to the refugee problem there are currently no diverging interests or bilateral disputes. Both states are cooperating in the public as well as private sector without any specific problematic issues. Currently, there is no element that could disturb this development and if something should damage mutual relations it would be only an intentional deception from one of the sides.

3. Economic Relations since 1989

After the fall of the Iron Curtain in 1989, Czechoslovakia opened its market to foreign investors. One of the first German companies that immediately entered the Czechoslovak market was Volkswagen. The company strategy was probably not counting with the fact that Czechoslovakia will dissolve very soon into two independent countries, however, this circumstance did not affect the strategic decision of the company to invest in Slovakia. Volkswagen established its subsidiary company in Bratislava already in 1991 under the name Volkswagen Bratislava, s.r. o. and launched its car production already in 1992. After 25 years of its presence on the Slovak market, in 2015, Volkswagen achieved the highest turnover³ of all companies present in Slovakia with 394,474 produced cars (year 2014) and almost 10,000 employees. At the moment, the Bratislava plant is currently used for the production of the Volkswagen Touareg, Audi Q7, Volkswagen up!, Škoda Citigo, Seat Mii as

³ 7.23 billion Euros.

well as for the body of the Porsche Cayenne.⁴ Another big German company that entered the Slovak market was Siemens.

However, the Slovak business environment was far from being optimal, especially during Mečiar's era (1993–1998). Foreign companies often reported bad experiences with the lack of qualified working labour, insufficiently developed infrastructure (with the exception of Western Slovakia), high taxation, difficult access to capital as well as the instability of legal environment, a high level of bureaucracy and lack of transparency. German investors were struggling with similar problems. The intention to focus on long-term investment objectives was often put off by a high level of administrative complications. These limitations influenced the lack of foreign investment as many of them were dependent on easy access to critical infrastructure, as well as tax and tariff benefits. Moreover, Slovakia was always in a permanent competition with other Central and Eastern European countries that also tried to attract investments to their countries.

For example in the year 1997, the amount of foreign direct investments in Slovakia amounted to 5.4 billion SKK (€179.3 million). The following year 1998 it reached to 17.9 billion SKK (€594.2 million). If measured per capita and compared with the neighbouring countries in the region foreign direct investments were at that time 7 times lower than in Hungary, 4 times lower than in Slovenia, 2.5 times lower than in the Czech Republic and 2 times lower than in Poland (ŽITŇANSKÝ 1999). The biggest foreign investors in Slovakia were Great Britain, Poland, Germany, the United States and the Czech Republic.

The situation began to change only after the Slovak parliamentary election in 1998. The new Dzurinda Government changed its approach towards the philosophy and execution of economic policies. The main challenge became the stabilisation of the economy at the macro level, as well as the decrease of the deficit in public finances. The government slowly managed to improve the quality of business environment through the introduction of several important laws which led to the creation of a more favourable investment climate. The government also offered benefits to foreign investors and launched activities that would attract larger amounts of foreign direct investments. The attractiveness of the Slovak business environment has increased also after the abolition of laws prohibiting the privatisation of the banking sector, energy, gas and several other industries that were labelled as strategic. The government privatised several banks and selected parts of monopolies. There were no restrictions on foreign capital participation in the privatisation of natural monopolies and these privatisations were managed through international tenders.

These changes manifested themselves in a massive influx of German foreign direct investments and a rise of bilateral economic relations once Slovakia gained its independence. The pre-accession era of German–Slovak bilateral economic relations can hardly be compared with the post-accession economic boom in mutual economic relations. Once the investments could receive political guarantees within the common framework

⁴ The company has its plants not only in Bratislava, but also in Martin and Košice. In Martin, Volkswagen produces differential gears, flanges, flanged shafts, brake drums and brake wheels. The components can be found in various models of Volkswagen, Audi, Škoda, Seat and Porsche. Approximately 7% of the products from Martin are used in the Bratislava plant of Volkswagen Slovakia. The plant in Košice is responsible for preparing the cars of the Volkswagen brand for the Russian market since 2004 (Our factories 2017).

of the European Union, Germany started massively to invest in the region. Many Slovak companies have been taken over by German investors.

One of the institutions aiming to support closer economic ties between German and Slovak companies is the Slovak German Business Chamber (DSIHK – Deutsch–Slowakische Industrie und Handelskammer). Currently, there are more than 430 member companies which employ around 122,000 people in Slovakia only and their yearly turnout constitutes €27 billion which is cca. 30% of the Slovak GDP. Among the premium members of DSIHK are companies such as BASF, Kaufland Slovenská republika, v.o.s., Lidl Slovenská republika v.o.s., Fritz, Kerkosand, Giese & Partner, Deutsche Messe, Slovak Telekom, Západoslovenská energetika a.s., Metro Cash & Carry SR, s.r.o., PWC, Middle Cap, Schaeffler, LuK, FAG, DHL, Deutsche Bahn, Schenker, Continental, HDO and Reutter and Witzenmann (DSIHK 2017). However, due to the complicated ownership relations, it is almost impossible to determine the exact number of companies under the control of German entrepreneurs. Various companies are controlled through subsidiary corporations registered in third countries. The total amount of companies controlled by German businessmen is estimated to be 2,400 (BERACKA 2017).

Table 1.

German companies in Slovakia among companies with highest yearly turnover

	Company name	Year	Turnover	Profit
1.	Volkswagen Slovakia, a.s. Automobile industry	2015	7,227,454,000 €	127,459,000 €
2.	Lidl Slovenská republika, v.o.s. Retail business	2015	977,047,000 €	84,843,000 €
3.	Kaufland Slovenská republika v.o.s. Retail business	2015	924,985,573 €	40,178,592 €
4.	Continental Matador Rubber, s.r.o. Chemistry and plastic	2015	890,611,000 €	170,448,000 €
5.	ZSE Energia, a.s. Energy and mining	2015	793,411,000 €	12,471,000 €
6.	Slovak Telekom, a.s. Telecommunication	2015	707,056,000 €	69,744,000 €
7.	Stredoslovenská energetika, a.s. Energy and mining	2015	682,282,000 €	65,646,000 €
8.	SAS Automotive s.r.o. Automobilový priemysel	2015	611,495,043 €	8,489,822 €
9.	Schaeffler Kysuce, spol. s r.o. Engineering	2015	523,569,000 €	11,885,000 €
10.	Continental Matador Truck Tires s.r.o. Chemistry and plastic	2015	521,403,000 €	89,329,000 €
11.	Schaeffler Skalica, spol. s r.o. Engineering	2015	474,271,000 €	10,850,000 €
12.	BILLA s.r.o. Retail business	2015	472,455,000 €	4,081,000 €

Source: FinStat 2017.

The amount of German direct investment stock in Slovakia in 2016 was €2.16 billion. Germany is the 7th biggest investor in Slovakia. However, this value of German direct investment stock is at the lowest level since 2001. Following the German investments flows to Slovakia during the last ten years, there is no evident trend of constant development; the flows change irregularly. However, there is a big statistical difference according to different sources. Whereas according to the National Bank of Slovakia, the German direct investment stock is €2.16 billion, according to the German Central Bank, the German direct investment stock in Slovakia is much higher, at the level of approximately €7.5 billion (DSIHK 2018).

Slovakia is rather a small Central European country, but in terms of the intensity of business relations, it has a bigger importance for Germany than BRIC countries like Brazil or India. Information technology, electrical engineering components and electronics, automotive accessories and equipment, devices are traditionally the most important import items from Germany.

The value of Slovak–German trade is slowly increasing every year since the economic crisis. In 2017, Slovak export to Germany reached €14.84 billion and the import from Germany to Slovakia was at the level of €13.36 billion. Slovakia is the 21st most important trading partner of Germany with the share of less than 1.5% of the total German foreign trade. On the other hand, Germany is the most important trading partner for Slovakia with the share of cca. 20% in Slovak foreign trade (DESTATIS 2018).

Considering the previous figures, the importance of the Slovak economy for Germany seems to be negligible. However, some of the German products are produced only in Slovakia (higher class SUV cars) and their production cannot be replaced easily. Nevertheless, considering the size of the Slovak economy and the geographic distance, the economic relations between Germany and Slovakia are very good and use much of the possible potential of mutual economic cooperation. The economic dimension of the Slovak–German relations is the best functioning component of mutual relations.

4. Institutional Relations since 1989

Mečiar's cabinet officially presented its desire to join Euro-Atlantic structures in the mid-nineties. The official application to join the European Union was submitted at the European Council meeting in Cannes in 1995. However, due to many undemocratic phenomena and illiberal tendencies, the Slovak application was firmly rejected in 1997. On the international scene, Slovakia was isolated even more due to its internal illiberal developments. The consequences included the already mentioned exclusion from the EU accession negotiations, as well as from the first post-Cold War enlargement of the North Atlantic Treaty Organization (NATO). Moreover, Slovakia was not invited to join the Organization for Economic Cooperation and Development (OECD). This experience was even bitterer if compared with the fact that all of Slovakia's V4 neighbours (the Czech Republic, Hungary and Poland) reached significant achievements with regards to their integration to Euro-Atlantic structures.

However, the successful foreign policy of the First Dzurinda Government (1998–2006) led to the invitation of accession negotiations into the EU as well as NATO and in quite a short time Slovakia managed to catch up with the progress made by its regional partners.

The Slovak entry into the European Union in 2004 was seen as a crucial geopolitical and foreign political project, but also as a huge modernisation tool for this country enjoying overwhelming cross-political and domestic support. Nowadays, 80% of Slovaks feel they are EU citizens (Standard Eurobarometer 89 2018). The EU support in Slovakia is still majoritarian, but polarised and the consensus is diffused. The Slovak EU position can be partly characterised by a vague anchoring of western liberal values which still, after 25 years of existence of the Slovak Republic, are not sufficiently absorbed by the whole population. It seemed to be tested especially after the experience with Russian hybrid warfare which began after the Russian annexation of Crimea. On social media, there have appeared a lot of “alternative” explanations and opinions questioning the interpretation of the Ukrainian crisis. Subsequently, they started to question not only Ukraine but U.S. policy and EU functioning, as well. Nowadays, it is possible to find all kinds of disinformation, propaganda and “alternative news” to almost every aspect of international relations. Their presence is common in the Slovak cyber space and they have considerable influence on the public opinion about the EU.

Slovakia is a showcase of a country that benefited greatly from joining the European Economic Area and the adoption of the common European currency (2009). Its key benefits stemming from the European integration can be most easily expressed in economic terms. Its sound economic management, implementation of structural reforms, as well as closer integration with the EU led to progressive strengthening of economic growth since overcoming the economic crisis. Therefore Slovakia has a major interest in maintaining crucial elements of EU integration like the Single Market, the Schengen area and the European Monetary Union. As a country whose economy is based mainly on export, Slovakia fully endorses the efforts of the European Commission to sign new trade agreements with third countries. Besides, the top political representatives of Slovakia also repeatedly expressed the interest to be part of the planned future “core” of the European Union. Slovakia and Germany share the same interests within these policy areas and cooperate closely to move the European integration in selected areas forward.

However, sometimes even sharing the same goals can cause discord when there are different opinions about the methods how they should be achieved. In 2010, during the beginning of the sovereign debt crisis in Europe, Slovakia refused to provide €800 million as the part of the loan from Eurozone countries to Greece. The Slovak Parliament rejected the loan to Greece despite the diplomatic pressure from Germany and the European Commission. Slovakia was the only Eurozone country which did not participate in the first money package to Greece. However, later on, Slovakia has become an active member in the European Financial Stability Facility (EFSF) and the European Stability Mechanism (ESM) and currently, the Slovak Government agrees with the German stance to resolve the debt issues within the Eurozone mainly by austerity and to provide financial aid only in serious circumstances.

Another important aspect of the Slovak–German relations is the Slovak membership in the Visegrád group. Since joining the EU by all four members of the V4 in 2004, the Visegrád group has become a relatively effective instrument in promoting common interests of its members not only within the EU but outside the EU, as well. The four countries combined represent more than 63 million people and more than \$900 million of GDP. Therefore the big EU countries preferred many times to discuss important issues

rather with the V4 format than with individual countries. However, during the last years, the positive reputation of the Visegrád group diminished because of the common stance towards immigration issues which was often portrayed as inhumane and not in line with the principle of solidarity. Besides, the undemocratic processes in Hungary and Poland have damaged the V4 reputation even more. In Germany there are two contradictory opinions about the relations with the V4. The first one, endorsed by the Bavarian CSU favours deeper cooperation with V4 countries, the second one presented e.g. by former German Foreign Minister Joschka Fischer is to urge a deeper integration with France and to relegate the V4 countries to an outer ring of partners (The Economist 2018).

5. Policy Field-specific Relations

In terms of security cooperation Germany supported the Slovak accession into NATO. Following the Slovak accession, Germany and Slovakia adopted several joint initiatives and missions within NATO, as well as EU. Yet the Slovak–German security cooperation is in many ways a good example of missed opportunities. Germany is currently the lead nation in NATO’s Enhance Forward Presence mission in Lithuania. The operation cannot change the military balance in the Baltics, however, it sends a strong political signal from the allies to the Baltic states and strengthens NATO effectiveness in undertaking collective defence tasks on the Eastern Flank. The decisions to form rotational multinational battalion formations was made at the Warsaw Summit in July 2016. Slovakia is sending 152 troops to the Baltics (Latvia) for the period from the 1st of April until the 30th of June as a part of a V4 contribution to the NATO assurance measures for the Baltic States in 2017 (SHARKOV 2016). The V4 Ministers of Defence reassured their position as well as re-confirmed the importance of the Enhanced Forward Presence for the more effective deterrence and defence of NATO in a Joint Communiqué in Niepołomice on 2 February 2017 (Joint Communiqué 2017). Yet if Slovak troops were stationed in Lithuania, they would be under German command what would greatly enhance the mutual security cooperation.

Another part of joint security activities is the decision to deploy a Slovak unit of Military Police in cooperation with Germany to the EU naval mission “EUNAVFOR MED Sophia” in the Mediterranean. The deployment of our military police personnel sends a solidarity signal to our South European allies that we are ready to tackle the challenges that concern them the most. Secondly, the Military Police will acquire new experience from a new type of international operation (Vojenská polícia 2017). In the area of energy security there exist probably the most visible disputes in German–Slovak relations, especially when it comes to Nord Stream 2. Slovakia is deeply concerned with this kind of energy projects which are run by individual energy companies and could disrupt current positive developments on gas markets in the CEE countries. By the modification of traditional existing transit routes, they would change not only the incomes from transit fees but the geopolitical reality as well. In this sense, the intention to implement Nord Stream 2 might be politically destabilising for the CEE, but first of all for Ukraine. The project, once implemented, might therefore seem to undermine the common European position towards Ukraine, as well as the ability to shape Russia’s policies towards our Eastern neighbour. Even though the project might increase the energy security of particular countries such as

Germany, it has a serious impact on recent gas market diversification policies of the V4 countries as well as crucial energy, economic and geopolitical consequences for the CEE. Besides, in the case of a total closure of the Brotherhood pipeline, it would cause a loss of €800 million annually in transit fees for Slovakia (The Slovak Spectator 2016).

The recent Russian–Ukraine conflict sparked significant differences in national positions between Germany and Slovakia and also exposed critical verbal statements of the Slovak Prime Minister Robert Fico. Fico remained very critical towards domestic developments in the Ukraine and the introduction of EU sanctions and tends to overlook the Russian political and military interference into Ukrainian domestic affairs. His statements covered various issues, ranging from acknowledgement that as neighbours Slovakia and Ukraine “were unable to establish normal political relations”, through labelling Ukraine as an “unreliable partner” (in relation to the gas crisis), to questioning the abilities of Ukraine to manage difficult challenges arising from rapprochement with the EU⁵ (Nový Čas 2014).

Besides this, the Slovak PM also has remained very critical on the introduction of further sector-specific sanctions against Russia⁶ which he criticised at several occasions. His last statement regarding the possible introduction of further sanctions came at the beginning of February 2017, when he said that he would never again support further sanctions against Russia (Aktuality.sk 2017). But in practice the administration has avoided taking any steps that would undermine the EU’s unity. Bratislava believes that the EU needs a policy towards Russia that goes beyond sanctions. The government thinks that the solution to the crisis in Ukraine lies both in diplomacy with Moscow and in strengthening Ukraine itself (KOBZOVÁ 2015). Besides, in Slovakia (and in some CEE countries as well) a narrative emerged (supported by several politicians) that small states were forced to adopt sanctions against Russia by the bigger EU states. These statements partially contributed to the rise of tensions between Berlin and Bratislava when it comes to EU Russia policy.

Regarding the main Slovak security discourse, it has been shaped mostly by the verbally opposing statements between the Prime Minister Robert Fico and the President Andrej Kiska. The two politicians do not share the same point of view on many security related challenges. President Kiska can be labelled as a pro-Atlantist and pro EU politician, while Prime Minister Robert Fico is certainly a more pragmatic politician with recent Euro-optimistic, but also several anti-NATO and pro-Russian statements. The current situation and development in Ukraine offers Slovakia both – great political, economic, trade and investment potential on the one hand, but also direct threats to its security (BRAJERČÍKOVÁ–LENČ 2017).

The recent Slovak security discourse also reflected the latest developments on the European and the international scene since the British decision to leave the European Union

⁵ In September 2014 Fico stated in his interview for Nový Čas that “we want peace in Ukraine, because it is our neighbour [...] because it is a transit country [...]. It is also good that AA was signed, which gives Ukraine a perspective to bring it closer to the EU. However, I think that Ukraine can hardly handle difficult challenges related to the accession to the Union, because it is before absolute disintegration. And I reject the idea that Ukraine could at some point be a member of NATO, because it could undermine the security in the region” (Nový Čas 2014).

⁶ When asked what his solution is to the Russian–Ukrainian conflict, Prime Minister Fico answered: “Negotiate, negotiate, negotiate. I was for it to support agreed fragile truce (in Eastern Ukraine) and postpone third wave of sanctions” (Nový Čas 2014).

and the election of Donald Trump for U.S. President. Slovak political elites are fully aware of the rising U.S. pressure for NATO member countries to raise their military expenditures and spend more on the modernisation of their armed forces. In 2017, both countries shared the same relative amount of military expenditures at the level of 1.2% of GDP (World Bank 2018). Therefore, Germany and Slovakia share the same interest to raise the military expenditures more slowly than the U.S. President demands. In both countries, military spending has never been a high political priority and a significant increase in military spending will be a rather unpopular step for the general public.

Regarding the Schengen area, the Slovak economic growth is drawn mainly by foreign investments for which it offers a business model that is attractive on the ground of its favourable geographic position. E.g. three of the ten biggest exporters based in Slovakia are Asian companies. With respect to the economic interests, any possible reintroduction of national borders within the Schengen area would cause serious negative economic outcomes. Such a scenario would deeply endanger the prospects of the export-based Slovak economy as well as the arrival of foreign direct investments. Therefore, Slovakia is keen on preserving the current model which means keeping the borders open and Schengen in place. Schengen is an absolute priority even at the expense of cohesion funds.

6. Conclusion

The policy of President Donald J. Trump has made it inevitable that Germany should become the leading power in the European Union in all aspects. Slovakia is ready to support the German leadership and already does that in many areas of specific European policies. When looking at the mutual relations from a historical perspective, it is evident that there is no burden of historic conflicts. However, the relationship might be labelled as an asymmetric one – Slovakia will never be as important for Germany as vice versa. In general, the relations are very good but there are some sticking points concerning the solution of the refugee crisis, the level of EU sanctions against Russia and finally the Nord Stream 2 project. These issues caused some discords between both partners but have not endangered the quality of their relations. Slovakia sees Germany as the natural leader and does not seek another one within the EU. Currently, there is no element that could disturb this development and if something should damage mutual relations it could be only an intentional deception from one of the sides.

Bibliography

- Aktuality.sk (2017): Robert Fico by ďalšie sankcie voči Rusku už nikdy nepodporil. *Aktuality.sk*, 04 February 2017. Available: www.aktuality.sk/clanok/412668/robert-fico-by-dalsie-sankcie-voci-rusku-uz-nikdy-nepodporil/ (Accessed: 13 September 2019.)
- BERACKA, Ján (2017): Nemecké firmy sú pre Slovensko dôležité. *FinReport*, 14 August 2017. Available: www.finreport.sk/financie/nemecke-firmy-su-pre-slovensko-dolezite/ (Accessed: 29 August 2018.)

- BRAJERČÍKOVÁ, Stanislava – LENČ, Marek (2017): Walking on Thin Ice. Slovak National Perspective on Ukraine Crisis. *Ideology and Politics Journal*, Vol. 7, No. 1. 235–256.
- DESTATIS (2018): *Foreign Trade. Ranking of Germany's trading partners in foreign trade*. Available: www.destatis.de/EN/FactsFigures/NationalEconomyEnvironment/ForeignTrade/Tables/OrderRankGermanyTradingPartners.pdf?__blob=publicationFile (Accessed: 29 August 2018.)
- DSIHK (2017): *Členstvo*. Available: www.dsihk.sk/sk/clenstvo/ (Accessed: 29 August 2018.)
- DSIHK (2018): *Newsletter 01/2018*. Available: www.dsihk.sk/fileadmin/AHK_Slowakei/Publikationen/Newsletter/Newsletter_SNOPK_1_18.pdf (Accessed: 29 August 2018.)
- FinStat (2017): *Databáza finančných údajov – hospodárske výsledky slovenských firiem*. Available: www.finstat.sk/databaza-financnych-udajov?EmployeeExact=False&Sort=sales-desc (Accessed: 01 March 2017.)
- Joint Communiqué (2017): *Joint Communiqué of the Visegrad Group Ministers of Defence*. Niepołomice, 2 February 2017. Available: www.visegradgroup.eu/calendar/2017/joint-communication-of-the (Accessed: 13 September 2019.)
- KOBZOVÁ, Jana (2015): View from Bratislava: Slovakia changes course on Russia. *Council on Foreign Relations*, 09 March 2015. Available: www.ecfr.eu/article/commentary_slovakia_changes_course_on_russia311312 (Accessed: 13 September 2019.)
- LEŠKO, Marián (1996): *Mečiar a mečiarizmus*. VMV – Vydavateľstvo Michala Vaška.
- MFEA of the Slovak Republic (2017): *M. Lajčák podpísal Memorandum o systémovej medzistátnej spolupráci medzi Slovenskom a Nemeckom*. Available: www.mzv.sk/ko/aktuality/detail/-/asset_publisher/IwlppvnScIPx/content/m-lajcak-podpisal-memorandum-o-systemovej-medzistatnej-spolupraci-medzi-slovenskom-a-nemeckom?p_p_auth=WJ0JY6GW&_101_INSTANCE_IwlppvnScIPx_redirect=%2Fko%2Faktuality%2Faktivita_ministra (Accessed: 13 September 2019.)
- MIKLOŠ, Ivan (2014): Slovakia. The Latecomer that Caught Up. In ASLUND, Anders – DJANKOV, Simeon ed.: *The Great Rebirth: Lessons from the Victory of Capitalism over Communism*. Washington, D.C., Peterson Institute for International Economics. 113–135.
- National Bank of Slovakia (2017): *Priame zahraničné investície*. Available: www.nbs.sk/sk/statisticke-udaje/statistika-platobnej-bilancie/priame-zahranicne-investicie (Accessed: 13 September 2019.)
- Nový Čas (2014): Premiér Fico otvorene o konflikte Ruska a Ukrajiny: Slováci sú obeťou propagandy! *Nový Čas*, 13 September 2014. Available: www.cas.sk/clanok/293296/premier-fico-otvorene-o-konflikte-ruska-a-ukrajiny-slovaci-su-obetou-propagandy.html (Accessed: 13 September 2019.)
- Our factories (2017): *Volkswagen 2017*. Available: <https://en.volkswagen.sk/de/unternehmen/werke.html> (Accessed: 13 September 2019.)
- SHARKOV, Damien (2016): 600 Czech, Slovak, Polish and Hungarian Troops to Reinforce Baltics. *Newsweek*, 26 May 2016. Available: www.newsweek.com/600-czech-slovak-polish-and-hungarian-troops-reinforce-baltics-463775 (Accessed: 13 September 2019.)
- Standard Eurobarometer 89 (2018): *Slovakia*. European Commission. Available: <http://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/Survey/getSurveyDetail/instruments/STANDARD/surveyKy/2180> (Accessed: 30 August 2018.)
- The Economist (2018): Germany's troubled relations with the Visegrad states show the limits to its power. *The Economist*, 14 June 2018. Available: www.economist.com/europe/2018/06/14/germanys-troubled-relations-with-the-visegrad-states-show-the-limits-to-its-power (Accessed: 29 August 2019.)

- The Slovak Spectator (2016): Fico: Nord Stream would harm Slovakia. *The Slovak Spectator*, 26 August 2016. Available: <https://spectator.sme.sk/c/20253774/fico-nord-stream-would-harm-slovakia.html> (Accessed: 13 September 2019.)
- Vojenská polícia (2017): *Nadnárodný výcvik VP v Nemecku do operácie EUNAVFOR MED Sophia pokračuje*. Available: <http://mp.mil.sk/67691/?pg=1> (Accessed: 13 September 2019.)
- World Bank (2018): *Military expenditure (% of GDP)*. Available: <https://data.worldbank.org/indicator/MS.MIL.XPND.GD.ZS?locations=DE-SK> (Accessed: 13 September 2019.)
- ŽITŇANSKÝ, Eduard (1999): Úroveň zahraničných investícií je na Slovensku nízka. *Trend.sk*, 10 November 1999. Available: www.etrend.sk/trend-archiv/rok-/cislo-<November/uroven-zahranicnych-investicii-je-na-slovensku-nizka.html (Accessed: 13 September 2019.)