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Slovakia's relations with Russia

Studia Politicae Universitatis Silesiensis 1, 325-340

2005

Artykuł został zdigitalizowany i opracowany do udostępnienia w internecie przez Muzeum Historii Polski w ramach prac podejmowanych na rzecz zapewnienia otwartego, powszechnego i trwałego dostępu do polskiego dorobku naukowego i kulturalnego. Artykuł jest umieszczony w kolekcji cyfrowej bazhum.muzhp.pl, gromadzącej zawartość polskich czasopism humanistycznych i społecznych.

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Pre-history: the Split of Czechoslovakia and Slovak "Eastern Pragmatism"

The role of the "Russian question" in the forming of Slovak foreign policy (even within the framework of Czechoslovakia after the "velvet revolution" and before 1 January 1993 when Slovakia came into existence as an independent state) was crucial. The roots of the later agenda of Slovak-Russian relations could be found at the beginning of the 1990s, when Vladimir Meciar became the Prime Minister. At that time, one could not speak of standard bilateral relations between sovereign partners, because Russia was a part of the USSR and Slovakia a part of the Czechoslovak Federal Republic.

The important impulse in the development of co-operation with the Russian Federation came from Slovakia in 1991. Meciar visited Moscow in March 1991 where he negotiated with Ivan Silayev, the Russian Prime Minister. It was the first probing of the possibilities of economic co-operation under new conditions. This was the origin of Meciar's first argumentation concerning the issue of Slovakia's need to build close economic relations with Russia. It was connected with the breakdown of the Socialist common market under the Council for Mutual Economic Assistance (COMECON). This argumentation emerged in 1990 and in the first half of 1991. In short, he felt that the negative consequences for Slovakia, caused by the collapse of COMECON, should have been minimised.

In 1991 Meciar defended his "eastern" activities in front of his political opponents and voters saying: "Our diagnosis is not complicated.

If we manage to remain oriented to the eastern market and preserve the trade with the USSR, we shall have lower unemployment”¹. Considering the domestic situation in Czechoslovakia at the time, especially the growing tension between Slovak and Czech political representations, his additional statement after coming back from Moscow was very important: “[...] the Soviets have given us general approval for the export of weapons produced under their license”². It was related to the fact that the Slovak territory had been the concentrated site of Czechoslovakia’s heavy military industrial production, which was the dominant force in the country’s economy and the framework of Slovak engineering. More than 30%³ of the Slovak economic capacity was oriented towards the Soviet Union market. Economic circles connected with the military industrial complex argued against the federal Czechoslovak government program on conversion that started in the late 1980s⁴. Thus, the Slovak intellectual and political separatist impulses in Czechoslovakia had economic roots. It’s interesting that Meciar was first recalled from the prime minister’s post by the VPN Council (VPN: Public Against Violence, the party which was the leading force in Slovakia during the anti-communist revolution) just after his first visit to Moscow in April 1991. After leaving VPN, Meciar set up HZDS (the Movement for a Democratic Slovakia). HZDS became the main voice of the interests of one third of the Slovak economic lobby as well as the strongest political force in Slovakia in the coming years.

Meciar’s well-known statement “If they don’t want us in the West, we shall turn to the East”⁵, comes from the same period. It must be stressed that Meciar emphasised the importance of eastern markets, something that other political leaders and parties in Slovakia and in neighbouring post-communist countries had never done. The pragmatic platform of Meciar’s supporters in 1991 in accordance with the principle “it’s all about the economy” in relations with Russia does not show any analogies with other Central-European Countries (the

¹ “Narodna obroda”, 19 April 1991, p. 1.

² Ibidem

³ Interview with Sergiej Jastrzembksi, the Russian Ambassador to Slovakia. “Narodna obroda”, 31 August 1993, p. 5.

⁴ For more see J. Stigel: *Pragmatizmus nad moralkou. Proces konverzie zlikvidoval na Slovensku 91 percent specialu* [Pragmatism Over Morals. Conversion Has Destroyed 91 percent of Slovakia’s Military Production – A.D.]. “Narodna obroda”, 21 July 1993, p. 7.

⁵ Quoted from Karel Wolf: *Podozriva zmluva* [The Suspicious Treaty – A.D.]. “Domino efekt” 1993, No. 34, p. 2.

“CEC”) and can only be compared with the “pragmatism” of the political nomenclature in the post-Soviet republics after the split of the USSR in 1991. This Slovak “eastern pragmatism” became one of the most important reasons for the split of Czechoslovakia that took place after the victory of HZDS in the 1992 parliamentary elections in Slovakia⁶.

Modern Slovak-Russian Relations

Exaggerated Expectations (1993–1998)

An overestimated geo-political vision: Slovakia as a bridge between West and East

The new quality and the second phase of Slovak argumentation concerning relations with Russia developed in 1992 and 1993. According to this strategic vision, Slovakia would become an economic bridge between the West and the East and the closer relationship between Slovakia and Russia would result in Slovakia's enhanced importance for the West. Meciar outlined this vision for the first time in October 1992 during his meeting with a group of Italian businessmen in Bratislava, during which he “informed them of the possibilities of using Slovakia on their way to Eastern markets”⁷. But the prerequisite of such a strategy was a good bilateral economic relationship with Russia, which would enable Slovakia to offer its services to the West. Meciar's economic prelude in 1991 was continued under new circumstances in 1993. One of his first visits after Slovakia's gaining independence led him to Moscow, in March 1993, where he negotiated with his counterpart, Viktor Chernomyrdin. Referring to this visit, Jozef Moravcik, the Minister of Foreign Affairs, said: “The aim of the visit is to create conditions for the return to the previous level of mutual economic relations. Better relations with Russia will stimulate deeper interest of Western countries in the Slovak Republic”⁸. Meciar, in his capacity as the Prime Minister, stated his satisfaction

⁶ For more see author's study: *The Blind Pragmatism of Slovak Eastern Policy. The Actual Agenda of Slovak-Russian Bilateral Relations*. In: *Studies on International Issues A01*. Bratislava 1996.

⁷ “Denny telegraf”, 8 October 1992, p. 2.

⁸ “Pravda”, 25 March 1993, p. 2.

with the fulfilment of his strategic vision after his second visit to Moscow in August 1993: "I have visited Russia twice. Both times we signed important agreements on economic co-operation. We have to start again and create a completely fresh set of economic relations with Russia. We are doing so in a model way. That is why some are jealous of us, saying that Slovakia is without competition in Russia and that its status is special"⁹.

Russians did not reject the Slovak attempt to develop a special character of mutual economic co-operation in comparison to other CEE countries. In fact, they supported this unique initiative. They also supported the Slovak strategic vision of the country's globally significant economic position. It's evident in the words said by Chernomyrdin before the end of Slovak government delegation visit in Moscow in August 1993: "One of the alternatives of economic co-operation between Slovakia and Russia could be the formation of common companies uniting the system of pipelines in all of Europe"¹⁰. According to the Slovak government plan, the application of the above-mentioned strategic vision would be based on three vehicles:

- Slovakia is and should remain the primary CEC partner for Russia in gas and oil transport to Western Europe, as Slovakia has inherited the main gas and oil pipelines from the former Soviet Union which supplied the former socialist CEC;
- A joint Slovak-Russian company with its seat in Bratislava should be created with the aim of co-ordinating Russian gas exports to Europe. This international joint-stock company named SLOVRUS-GAS would be accessible to Western natural-gas companies and to Western investments;
- Finally, a joint Slovak-Russian Bank should be created in Bratislava to offset both the collapse of the transferable ruble – the standard currency used by the COMECON – and the lack of hard currency following the COMECON break-up. It would also contribute to revitalising East-West trade activities.

According to this strategic vision, Bratislava would become one of the main trade centres in Europe connecting the West with the East. This vision of the Slovak government was the main agenda of the Slovak-Russian bilateral negotiation process from 1993 to 1995¹¹. It must be emphasised that the Russian side formally supported Slovakia's grand expectations, concerning the importance of mutually ad-

⁹ "BBC Summary of World Broadcast", 27 September 1993.

¹⁰ "Pravda", 24 August 1993, pp. 1, 9.

¹¹ For more see Duleba, (1996), op. cit., pp. 9–18.

vantageous economic relations. Paradoxically, despite the declared "model" relations with Russia, Meciar's government achieved no real results in the application of its strategic vision. Primarily, this was because Slovakia overestimated the real importance of Slovak-Russian economic co-operation, and failed to see that it had no Europe-wide significance.

Inadequate Solutions to Growing Trade Problems

The real results of the Meciar government's eastern policy were dangerous for the economic independence of Slovakia. According to the statement of Peter Stanek, Meciar's leading economic advisor: "Trade with Russia is the key to Slovak prosperity"¹². On the other hand, in September 1996, Jan Ducky, the former Ministry of the Economy, evaluated the results of Slovak-Russian co-operation in previous years as follows: "We are dependent on Russia more than before 1989 [...]"¹³.

The government faced a new economic challenge in 1996, which was observed in Slovakia for the first time since gaining independence in 1993. It concerned the growing trade imbalance that reached 42 billion Slovak crowns (SKK) during the first ten-months of 1996. This was something absolutely new because of the very positive indicators of previous years. A significant fact was that 77% of the imbalance was the result of Russian natural gas and oil imports. This above-mentioned indicator reached 87% at the end of November 1996¹⁴. This was the direct result of Meciar's "strategic policy" of supporting "model" relations with Russia.

One might have expected that the lessons of 1996 would have influenced the Slovak government's foreign trade strategy. Stanek evaluated the new challenge Slovakia faced in 1996 as follows: "We should react to the changed domestic and foreign conditions forming our economic policy [...] The growth of natural gas and oil prices principally affects our trade balance, especially if we consider the absence of the diversification of those sources. What is worse, we are not able to increase our exports to Russian markets [...] It is time to pursue a selective and objective foreign trade policy"¹⁵. Anyone who expected

¹² "Sme", 30 December 1996.

¹³ Quoted from Peter Kasaľovský: *Objavenie objaveného [Discovering the Discovered – A.D.]*. "Hospodarske noviny", 30 September 1996, pp. 1–2.

¹⁴ Lenka Tokárová: *Inkasujeme za tranzit i export [We Receive Cash from Transit and Exports – A.D.]*. "Hospodarske noviny", 30 December 1996, pp. 1, 10.

¹⁵ Quoted from Ivan Podstupka: *Hľadieť za vzdialenejší horizont [Looking Ahead to a Distant Horizon – A.D.]*. "Pravda", 3 September 1996, p. 6.

that the Slovak government would finally try to diversify energy sources and open the door to foreign investments with an aim to promote the country's economic re-construction, was simply mistaken. According to the Slovak economic summit held in Piestany in September 1996, which brought together the government, the representatives of the strongest Slovak companies, banks and experts to develop a **new economic strategy for Slovakia until 2000**, the main problem of the Slovak economy was in determining the Slovak exports to Russia. Meciar stated: "The amount of imported oil and natural gas from Russia will not be decreased [...] We could not find a more advantageous supplier of energy nowadays because of the specificity of existing transport system. At the same time we are not ready to accept other prices as well"¹⁶. A decision was taken to create two new institutions aimed at improving Slovak exports to Russia – the Fund on Foreign Trade Support and the Export-Import Bank (Eximbank). Finally, the Piestany Summit laid the practical framework for a free trade zone between Slovakia and Russia on a bilateral level. This idea showed that the Slovak government returned to sobriety in 1996 after the euphoria of its great geopolitical "bridge vision". It understood that its relations with Russia had only bilateral importance, and mostly negative trade balance consequences.

During the Piestany Summit, Meciar suddenly announced "we have received a proposition from the Russian side on the creation of a free trade zone, however, the negotiation process is still only at the beginning stage"¹⁷. More information was given by Anton Bonko, a representative of the Slovak Chamber of Industry and Commerce: "According to some experts, a free trade zone could help Slovakia decrease one half of its negative trade balance with Russia [...] the Russian side claims that our decision about creating a free trade zone would have not to be conditioned by any third party [...] and that this proposition would remain on the table for around six months"¹⁸. Thus, Russia pushed the Slovak government into a very difficult international position. In other words, Slovakia might be forced to reject the Russian plan because of its Association Agreement with the EU, the Agreement with the Czech Republic on the Customs Union, and its membership in CEFTA and the WTO. These agreements oblige Slovakia to consult with its partners any plans on trade liberalisation with third parties; in this case, Russia, since it was not a CEFTA or

¹⁶ "Hospodarske noviny", 6 September 1996, p. 2.

¹⁷ "Narodna obroda", 6 September 1996, p. 1.

¹⁸ "Hospodarske noviny", 7 October 1996, p. 2.

WTO member. As regards the EU Association Agreement and the Customs Union with the Czech Republic, it must be noted that more than 80% of Slovak exports of the previous years was directed to the EU and Czech Republic. In spite of this, the Slovak government chose the riskier path. It went ahead with the process of implementing the bilateral free trade zone without asking Brussels or Prague for their standpoints. Sergey Kozlik, the Deputy Prime Minister and Minister of Finance, submitted a draft Memorandum on Trade Liberalisation to Russian Deputy Prime Minister, Vladimir Babichev, during his visit to Bratislava in November 1996. The Memorandum was intended as a first step towards the signing of a treaty on a free trade zone¹⁹.

The EU and Prague expressed their disagreement with the establishing of a Slovak-Russian free trade zone and suggested that it could result in the termination of existing agreements. In February 1997, Pavel Hamzik, the Minister of Foreign Affairs, responded: "Slovakia realises its international obligations [...] therefore, the establishment of a free trade zone with Russia is still only on the level of speculation"²⁰. The third Meciar government of 1994–1998 failed to realize its geo-economic vision of Slovakia as a bridge between Russia and the West.

Political Agenda: Democracy Discourse with the West and Russian Understanding

All Slovak governments from 1993 have declared integration with the Western structures (NATO, and EU) as the main goal of Slovak foreign and security policy. This unambiguous pro-Western orientation was a direct consequence of political changes in Central-Eastern European countries at the end of the 80s and the beginning of the 90s. It became a symbol of victory over totalitarian communist regimes and represented a desire for full integration with the structures of the developed democratic world "to which we are bound by historical traditions and natural relations"²¹. In spite of this, as we have already mentioned, Meciar once declared: "If they do not want us in the West, we shall turn to the East"²². Jan Luptak, the Chairman of the Association of Slovak Workers, Meciar's coalition partner from

¹⁹ "Praca", 25 November 1996, p. 10.

²⁰ "Narodna obroda", 7 February 1997, p. 2.

²¹ See *Programove vyhlasenie vlady Slovenskej republiky [The Slovak Republic Government Program – A.D.]*, Part 1. *Foreign Relations*. "Pravda", 16 January 1995, p. 8.

²² See K. Wolf: *Podozriva zmluva...*, p. 2.

1994 to 1998, was convinced that Russia was “willing to provide the security guarantees of Slovak neutrality”²³.

An attempt at balancing the program of his own government and Russian arguments regarding European security arrangements pushed Meciar into a situation, which can be described as diplomatic schizophrenia. At the end of his Moscow visit in October 1995, he said: “NATO enlargement is included in the government program and so far the government has not changed its program”. While combining his vision of a secure Europe with the creation of a continental security system, which would include Russia, he later explained: “One of the possibilities is that NATO will become an organisation covering the whole of Europe with member states as well as co-operative ones. The division of Europe into two parts would be a historical mistake”²⁴.

According to Meciar, it would be best to transform NATO into the OSCE, which would correspond to the Russian European-wide security vision. As a result, it would not be necessary to change the Slovak government program. Trying to understand why Slovak leaders accepted the Russian arguments, especially from the fall of 1994, we cannot avoid the contents of a dialogue between Slovakia and the West on the “Slovak Democracy”.

The dialogue between the Slovak governments, headed by Meciar, and Western partners about political transformation in Slovakia resulted in the membership of Slovakia in the Council of Europe and its participation in the OSCE. As a result, the European Agreement between Slovakia and the EU was signed on 4 October 1993. The submission of Slovakia’s official application for EU membership on 27 June 1995 and finally, its officially declared goal of NATO membership followed shortly afterwards.

The three main stages of this dialogue from 1993 to 1998 include: 1. The Pre-Démarche Era: January 1993 to November 1994; 2. The Démarche Era: November 1994 to October 1995; 3. The Post-Démarche Era: October 1995 until the parliamentary elections in September 1998.

The main subject of Western concern during the first period (January 1993 – November 1994) was the minority agenda in Slovakia in the context of Slovakia’s admission to the Council of Europe (June 1993) as well as its participation in the OSCE (from January 1993).

²³ “TASR”, 21 October 1993.

²⁴ Ivan Drábek: *Pocas rokovani V. Meciara v Rusku uzavreli sest dohod [Six Agreements Concluded During Meciar’s Negotiations in Russia – A.D.]*. “Pravda”, 2 November 1995, pp. 1, 13.

During the second period, the EU and USA issued diplomatic warnings pertaining to the style of governing in Slovakia, which was moving away from the democratic standards established by Western countries. The Western "diplomatic position" addressed the new Slovak government elected in the October 1994 parliamentary elections and the style in which it started to execute power. Only coalition MPs were elected as the chairman and vice-chairmen of the Parliament, and chairmen of all parliamentary committees; this was in breach of the proportional representation principle. The same applied to top management functions in mass media; an amendment to the Privatisation Act was passed, which transferred the decision-making competence from the government to the non-governmental body of the National Property Fund (FNM); only representatives of the coalition were appointed as managers of the Fund; the same was true of the National Inspection Office, and the Special Commission for Supervising the Intelligence Service; the opposition lost its representation in the central organs of the Parliament and was deprived of any control over the Intelligence Service, the public mass media, and the privatisation process²⁵.

Slovakia became a subject to three diplomatic demarches – two from the EU (on 24 November 1994 and 25 October 1995) and one from the USA (on 27 October 1995). These were unprecedented events among the CEC aiming to join Western structures. It goes without saying that Slovakia received no criticism from Russia, quite the contrary. After the demarche period of 1994–1995, the government coalition, despite its declarations, realized that chances of Slovak integration into Western structures were minimal, due to the style and content of Slovakia's internal policy. Thus, the government faced a difficult dilemma: on the one hand, a change in internal policy would mean admitting defeat in this sphere; on the other hand, no changes would mean that Slovakia, as opposed to its neighbours, Poland, the Czech Republic, and Hungary, would not be admitted to NATO and the EU. Instead, it would become an unstable country with aggravated parameters of its international position. The coalition decided to concentrate on the internal policy and place the coalition's short-term power objectives before the long-term national ones. It was necessary to start persuading themselves, but also future electors, that Slovakia, in fact, did not need any integration, and that the "Western model" of transformation did not fulfill Slovak needs.

²⁵ See Ivan Samel: *K vyročiu noci dlhých nozov [On the Anniversary of the Night of Long Knives – A.D.]*. "Narodna obroda", 2 November 1995. p. 3.

The two coalition party leaders first called into question the foreign-policy orientation, specified in the governmental program, in October 1995. SNS (Slovak National Party) Chairman Jan Slota and ZRS (Association of Slovak Workers) Chairman Jan Luptak in two successive interviews for the Russian ITAR-TASS press agency stated: "the Slovak Republic should not enter various military blocks, and should preserve its neutrality [...]"²⁶. "The majority of common Slovaks do not miss NATO, the EU, or the IMF at all [...]"²⁷. As it has already been mentioned, towards the end of the same month, Meciar, for the first time, presented his Pan-European vision of the future NATO in Moscow. However, the idea of refusing the participation of NATO and the EU could not be satisfactorily explained by Pan continental foreign-policy speculations following the Russian view of building up a new European security structure. The dialogue with the West failed predominantly because of "domestic policy issues".

The Russian policy reacted sensitively to Slovak problems in the course of its communicating with the West and, as Sergiej Jastrzemb-ski, Russian former ambassador to the Slovak Republic, said: "There is only one way to democracy, and we know [...] as do many Western countries, that the way is a new Bolshevism"²⁸. In April 1996, Russian daily "Izvestiya" published an extensive article on Slovakia in which the Russian ambassador defended Slovakia with the following words: "[...] The West does not understand the specific features of the young country, and does not take into consideration either the history of the Slovak people or the Slovak way of thinking, their mentality. Dissatisfaction over the government policy itself is apparent [...] The Slovaks are told: 'Look how the Czechs, Poles and Hungarians do things. Why do you proceed in a different way?' Just because it is a different country, which wants do it its way"²⁹. In other words, in Slovakia, things were not done undemocratically, just differently. At some point at the end of 1995 and the beginning of 1996, the myth of the "Slovak way" was born. This way was said to represent an internal alternative to reforms in the post communist world.

It became clear that Russia considered itself a political ally of Slovakia and openly supported Meciar's reign. In May 1998, three months before the parliamentary elections, Meciar visited Moscow. During his

²⁶ ITAR-TASS, 3 October 1995.

²⁷ ITAR-TASS, 20 October 1995.

²⁸ Quoted from "The Wall Street Journal", 11 January 1996.

²⁹ For information on *Izvestiya's Report on Slovakia* (prepared by Leonid Mye-chin) see "Pravda", 23 April 1996, p. 10.

visit, President Yeltsin expressed his open political support for Meciar in the upcoming elections in the following words: "In Russia, we are very happy that you have uncompromisingly initiated a foreign policy course focused on your security and on friendship and contacts with Russia. We sincerely hope that you will win the elections. We want that result because we have achieved such a relationship with Slovakia that our further contacts – in such a framework – will benefit both Slovakia and Russia"³⁰. Thus, controversy with the West brought Slovak's leading forces close to Russia. However, Yeltsin's hopes regarding the results of the elections did not come true.

Balancing the Past and Building a New Agenda (1998–2002)

Political Agenda

The new government coalition formed after the 1998 parliamentary elections accused the Meciar government of mishandling the foreign policy, and promised a change. While the country was drifting away from NATO and the EU in the years 1994–1998, it also intensified its relations with Russia which took the form of an "alternative" foreign policy for Slovakia. Official government documents dealing with Russia after October 1998 contain two basic components. First is the declaration to have a "correct", "balanced", "partner-like" and "mutually advantageous" relationship with Russia. Next, the documents emphasised the importance of Russia as a vital economic partner, particularly with regard to imports of strategic raw materials³¹. The Medium-Term Concept of Slovak Foreign Policy, which further was developed in the government program declared: "Foreign policy towards Russia should be entirely coordinated with the EU approach, while in the security sphere Slovak-Russian mutual cooperation must continue to be determined by the nature of ties between the Russian Federation and NATO"³².

³⁰ Quoted from Ivan Drábek: *Priznany tromf Moskvy [Moscow's Recognized Trump Card – A.D.]*, "Pravda", 30 May 1998.

³¹ See *Priority zahraničnej politiky Slovenskej republiky na obdobie rokov 2000–2003. Strednodoba koncepcia [The Foreign Policy Priorities of the Slovak Republic from 2000 to 2003. A Medium-Term Conception – A.D.]*. Bratislava: Vlada SR, 2000; *Programove vyhlásenie vlády SR [The Program Declaration of the Government of SR – A.D.]*. Bratislava 1998.

³² *Priority...*

The Dzurinda government undertook three fundamental decisions, which confirmed these statements to be more than just empty phrases. On 12 March 1999, it decided to abandon the import of the S-300 rocket system from the Russian Federation within the debt settlement framework, a contract agreed under Meciar's government. The Prime Minister Dzurinda explained his decision as follows: "Importing this system to the Slovak Republic would not be in keeping with the country's basic political approach or foreign policy orientation, which is towards the European Union and the North Atlantic Alliance (...) Slovakia has damaged herself a great deal in the past with her wavering and unclear orientation. This orientation must be made clear"³³.

The NATO military action during the Kosovo crisis forced the Slovak government to take another key decision. In April 1999, the government acceded to a NATO request to open Slovak airspace and territory for NATO transports. A few months later, in June 1999, the government refused a similar Russian request, and by doing so, put itself entirely on the side of NATO. That the Slovak government had decided to bring its relations with Russia into line not only with NATO but also EU strategy is shown by its decision in March 2000 to impose a visa requirement on Russian citizens travelling to or through Slovak territory; this requirement took effect as of 1 January 2001³⁴. The above decisions could be considered critical with regard to the new approach of the Slovak government to Russia compared to that in the period 1994–1998.

From 1998 to 2000, the Dzurinda government managed to standardise Slovak-Russian ties and was successful in eliminating Meciar's political heritage. Naturally, Russia responded with restraint, if not coolness, to this change in attitude. Therefore, 1998 to 2000 were the poorest years in the Slovak-Russian modern relationship in terms of intensity of official contacts and the political agenda. Russian diplomacy, in turn, discontinued its Meciar-like attitude towards Slovakia by the end of 2000. In January 2001, Igor Ivanov, the Minister of Foreign Affairs, visited Slovakia. It was the first visit of a high-level representative of the Russian Federation to Slovakia since the 1998

³³ *Mimoriadna tlačová konferencia predsedu vlády SR Mikulasa Dzurindu [Special Press Conference by Slovak Prime Minister Mikulas Dzurinda – A.D.]*. Bratislava, 12 March 1999.

³⁴ For a more detailed analysis, see Alexander Duleba and Karel Hirman: *Rusko na konci Jelcinovej ery. Zahranična a vnútorná politika, rozširovanie NATO a zaujmy Slovenska [Russia at the End of Yeltsin's Era: Foreign and Domestic Policy, NATO Expansion and Slovak Interests – A.D.]*. Bratislava 1999.

parliamentary elections. Ivanov told the Slovak political elite and public that Russia respected Slovakia's Euro-Atlantic orientation and the decision of its government to seek NATO entry. This had enormous meaning for the post-Meciar Russian-Slovak relationship and was most of all, a signal to Slovakia that Moscow took Slovak foreign policy under advisement, respected the new Slovak government and was looking for a new beginning in its relations with Bratislava³⁵.

Both sides completed the process of the political restoration of their bilateral relationship in November 2001, when President Rudolf Schuster visited Moscow. It was the first official visit of the head of Slovak Republic to Russia since 1993. After being told by Schuster that Slovakia's entry to NATO should not be a barrier in Slovak-Russian relations, President Vladimir Putin said "our relations are not burdened by any problems and are developing energetically on the political, economic and cultural level"³⁶.

Economic Agenda

From 1998 to 2002, the following issues were at the top of the Slovak-Russian bilateral agenda: the Slovak trade deficit with Russia; settling of the Russian debt to Slovakia; construction of a southern arm to the Jamal gas pipeline; and the entrance of Russian companies to Slovak firms dealing with the transit of crude oil and natural gas, through the privatisation process.

Slovakia's trade deficit with Russia has long been a problem in economic relations, and is caused most of all by Slovak dependence on Russian energy supplies. Almost 90 percent of Slovak imports from Russia are related to natural gas and crude oil. Slovakia's trade deficit with Russia in 2000 was 95.7 billion SKK (1.9 billion USD); Japan was a distant second with 9.4 billion SKK (200 million USD) and Spain was third with 9.3 billion SKK (200 million USD). This trend continued in 2001 boosting the trade deficit with Russia to 99.1 billion SKK (2.1 billion USD)³⁷.

There are different factors which contributed to the present structure of the Slovak-Russian trade. High customs dues and import tariffs protect the Russian market and any attempt to make it more accessible to Slovak exports failed in the past, even under the politi-

³⁵ See Basa Javurkova: *Rusko hlada k inemu Slovensku iny pristup* [Russia Looks for a New Approach to a New Slovakia – A.D.]. "Sme", 2 February 2001.

³⁶ *Vystupeniye Prezidenta Rossiyskoy Federatsiyi V.V. Putina po itogam besedy s Prezidentom Slovatskoy Respubliki R. Schusterom* [Speech by Russian President V.V. Putin after Meeting with Slovak President R. Schuster – A.D.]. Moscow, 13 November 2001.

³⁷ Ministry of Economy of the Slovak Republic, 2002.

cally loyal Meciar government. The main barrier for eventual bilateral trade liberalization with Russia is the fact that it is not a member of the WTO; as a result, Slovakia, in compliance with WTO arrangements, is only permitted to liberalize trade with other member countries. Of course, the business environment in Russia (which still suffers from corruption), the capital weakness of Slovak companies and the absence of a strategy on Slovak diversification of energy supplies are factors that should also be taken into account.

Russia inherited the Soviet debt of 7 billion USD to the former COMECON member countries. It owed 3.4 billion USD to the Czech Republic, 1.7 billion USD to Hungary, 1.6 billion USD to Slovakia and approximately 1 billion USD to Bulgaria. Russia offered everyone military technology and equipment in exchange for the debt redemption. The Meciar government of 1994–1998 was able to settle about 400 million USD of the debt by taking Russian military equipment and armaments. The decision of the Dzurinda government of 12 March 1999 to denounce the treaty on importing the Russian S-300 rocket system for the price of \$150 million within the debt settlement halted progress in the bilateral Slovak-Russian debt deal³⁸. After that, Russia conditioned its continuation by depreciating 54 million USD of her debt for expenses incurred in financing the production of the S-300 in accordance with the former contract provisions. The governments were not able to reach an accord on this issue for almost two years. In April 2001, the Slovak government rejected an offer submitted by Russian side to pay 22 percent of the total debt figure in cash (about SKK 11 billion) and cancel the rest. The Slovak government announced in June 2001 that it had reached a compromise with Moscow and that 18.75 million USD would be paid in exchange for acceptance of the Russian demand that \$54 million USD would be cancelled, as compensation to the Russians for Slovakia's not taking the S-300 system³⁹. This agreement restored the bilateral debt deal between Slovakia and Russia. In the course of 2001 Slovakia settled another 100 million USD and agreed a plan for 2002 worth 135 million USD⁴⁰.

Part of the key economic agenda on Slovak-Russian ties from 2000 to 2002 was the issue of the planned construction of a southern arm

³⁸ For a detailed analysis see A. Duleba and K. Hirman: *Rusko na konci...*

³⁹ "SITA", 20 June 2001.

⁴⁰ See interview *Otazka splacania ruskeho dlhu v hotovosti zostava nadalej otvorena* [Settlement of Russian Debt in Cash Still an Open Issue – A.D.] given by State Secretary of the Slovak Ministry of Finance, Vlastimil Podstransky to the daily, "Pravda", 14 May 2002.

to the Jamal gas pipeline. In March 2000, Gazprom, the Russian gas giant, addressed the governments of Slovakia and Poland with the proposal to construct a new pipeline that would connect the Jamal gas pipeline leading from Belarus to Poland with the Slovak gas transit network, thus bypassing the territory of the Ukraine⁴¹. Unlike Slovakia, Poland and the Ukraine took a cautious approach to this project. Russian diplomacy worked extraordinarily hard to cement Slovakia to a positive and binding position. At the official meetings of the top representatives from both sides, the common position of Russia and Slovakia on this issue was stressed, providing a diplomatic opportunity to demonstrate the health of this bilateral relationship. For example, during President Schuster's first official visit to Moscow in November 2001, President Putin underlined the importance of cooperation on the transit of Russian gas, and called Slovakia "the most accommodating and natural partner" for Russia on this issue⁴². However, in February 2002, Gazprom announced that it had postponed the implementation of the Jamal 2 project, due to new Russian-Ukrainian rapprochement on gas deals and the lack of progress in negotiations between Russia and Poland. Slovakia's support for Russia, which at the same time was interpreted as a lack of support of its direct neighbours Poland and the Ukraine, proved to be one of the biggest Slovak foreign policy miscues under the Dzurinda government⁴³.

Certainly a new phenomenon in Slovak-Russian economic relations that emerged in 2001 and 2002 was the entry of Russian companies into Slovak business connected with the transit of Russian energy sources across the territory of the Slovakia. In December 2001 the Russian oil concern, Yukos, won the tender for a 49 percent stake in the control of the former Slovak state company, Transpetrol with an offer of 74 million USD⁴⁴. Transpetrol owns and operates the oil pipeline networks on the territory of the Slovak Republic. In addition, the Russian gas giant Gazprom is a member of an international consortium together with German Ruhrgas and French Gaz de France which won a tender for a 49 percent stake in the control of SPP (Slo-

⁴¹ For more, see Karel Hirman: *Gazprom tlaci na Slovensko a Polsko* [Gazprom Pushes Slovakia and Poland – A.D.]. "Trend", 8 March 2000.

⁴² *Vystupleniye...*

⁴³ For an analysis, see Alexander Duleba: *Jamalská lekcia – o chybách slovenskej diplomacie* [A Jamal Lesson – on the Mistakes of Slovak Diplomacy – A.D.]. "Listy SFPA", January – February 2002.

⁴⁴ See *Yukos priobretayet aktsiyi slovatskoy kompaniyi Transpetrol* [Yukos Acquires Stakes in Slovak Company, Transpetrol – A.D.]. "Yukos novosti", 10 December 2001.

vak Gas Industry) with an offer of \$2.7 billion USD. The entire transaction was completed on 11 July 2002⁴⁵. SPP owns and operates the transit gas pipeline network on the Slovak territory. Both of the above Slovak companies were state monopolies in their fields before privatisation, and the government still holds a controlling share of 51 per cent of their stakes.

Conclusion

Slovakia's modern relations with Russia consisted of two main phases over the last decade. The first period was characterised by exaggerated expectations from the Slovak side. The three Slovak governments led by Meciar came up with a geopolitical and geo-economic vision of Slovakia as a bridge between Russia and the West. This expectation followed the premise that Russia would provide Slovakia with privileged trade relations within the region of post-communist Central Europe. But, the Slovak government failed to make the Russian market more accessible for Slovak exporters. The trade imbalance with Russia in 1996 – due to the dominant imports of natural gas and oil in the bilateral trade structure – had for the first time since 1993, become so alarming that it jeopardised the macroeconomic stability of Slovakia. It became clear that the grand Slovak geopolitical “bridge vision” was only a grand illusion. Nevertheless, the Meciar government continued to build “special relations” with Russia for political reasons. In 1994 and 1995, the European Commission and the USA government issued several demarches in which they criticised the style of undemocratic ruling of the Meciar government, adding that it disqualified Slovakia from NATO and EU membership. Unlike the USA and the EU countries, Russia politically supported the Meciar government in its “democracy discourse” with the West.

The Meciar coalition lost the September 1998 parliamentary elections and the new Slovak government began a new period in Slovakia's relationship with Russia aiming at removing it from the heritage of the previous years and putting it in line with Slovakia's accession process to NATO and EU, as well as the co-operation network of the Visegrad Four.

⁴⁵ *Výmenovanie noveho predstavenstva SPP a.s. [Inducting the New Directorate of the SPP Joint-Stock Company – A.D.]. “TASR”, 11 July 2002.*