

We're at the Doorstep of the EU

An Interview with His Excellency Ivo Sanader,
Prime Minister, Republic of Croatia

EDITORS' NOTE After earning a Ph.D. in comparative literature and Romance languages from the University of Innsbruck (Austria), Ivo Sanader began a successful career in publishing, serving as program editor and subsequently editor-in-chief at the publishing house Logos in Split. He proceeded to serve as general manager of the Croatian National Theatre in Split, and entered politics in 1992, when he was elected a member of parliament in Croatia's House of Representatives. Among other prominent political positions, Sanader has served as minister of science and technology, deputy minister of foreign affairs, and chief of staff to the president. In 2000, he was elected president of the Croatian Democratic Union (HDZ) and was reelected to that position in April 2002. He became prime minister of the Republic of Croatia in December 2003.

Croatia reached a major milestone in its bid for European Union membership when accession negotiations commenced on October 3, 2005. Since then, there has been increased speculation about when Croatia will join the EU. Has the government set a target date for EU membership?

Croatia has carried out a decisive reform policy in recent years. One result of this policy was that, last year, the EU issued a very positive report on Croatia's readiness for the accession process, and soon afterward Croatia was granted candidate status for EU membership. With the opening of accession negotiations in October 2005, Croatia is now literally at the doorstep of the EU, negotiating the conditions for full-fledged membership. This is indeed a great success, particularly if you recall that no other EU candidate has achieved so much in such a short period of time.

All these achievements carry additional weight against the background of Croatia's recent history. While the other transition countries during the '90s were initiating huge reforms that opened the doors of the European Union for them, Croatia was fighting a war and securing its independence. Notwithstanding these cir-

cumstances, today Croatia is associated with the European Union and it is negotiating EU accession. My country is rightfully cited as a leader in Southeast Europe, serving as an example to our neighboring countries. We remain determined to continue to play this important role in the future.

Regarding the pace of the negotiations and the target date for EU membership, I have stated on many occasions that substance is more important than speed. However, I am sure that we will strive to conduct quick and quality negotiations. It would be great if Croatian citizens could

negotiating structure. The state delegation is headed by the minister of foreign affairs and European integration, while the negotiating team is being led by the chief negotiator, who is a career diplomat. The team consists of 13 negotiators and 35 heads of working groups for each chapter of the negotiations. More than 1,000 people will participate in the negotiating process as members of working groups. With a view to ensuring the transparency of the process, and in order to achieve an educational impact, the working groups include, besides government experts, people from



Prime Minister Sanader with U.S. President George Bush at the White House in July 2005. Sanader was among the prime ministers and leaders of parties in the International Democratic Union (IDU) who were received by Bush.

participate in the next elections for the European Parliament in June 2009.

The negotiation process is expected to be quite complex in many areas. How prepared is Croatia for these negotiations? Does public and political support in the country mirror the government's ambitious plans for EU membership?

Croatia started accession negotiations on October 3, 2005, with a fully prepared

different segments of society, like academia, trade unions, nongovernmental organizations, and the business sector.

Furthermore, I have initiated an "Alliance for Europe," in which all parliamentary parties are participating. This means that all relevant Croatian political forces support EU membership as Croatia's main strategic goal. This consensus will prevent the EU negotiation process from becoming part of an internal political

fight. In line with this approach of shared responsibility, the president of the main opposition party is heading the Croatian parliament's national committee, which will be monitoring the negotiating process. The final result is a considerable strengthening of Croatia's negotiating power, since the negotiating team represents the whole of Croatian society.

After negotiating and implementing the association agreement with the EU, we started accession negotiations with both sides knowing each other quite well. By regularly aligning our laws with those of the European Union, Croatia has

fourth cycle of the Member Action Plan, a program designed to prepare aspirant countries for future membership in the alliance, convinced that we have entered an advanced and mature stage of relations with NATO, and determined to be entirely prepared and ready to start accession talks as soon as the alliance decides it is prepared for further enlargement. Croatia very much wishes to see this happen sooner rather than later.

Croatia bases its bid as a credible and capable future ally on its fulfillment of all general political, economic, social, and security criteria, as well as on its contribu-

tion to the forces of the member countries.

Therefore, it is a privilege for Croatia to participate in the International Security Assistance Force [ISAF] in Afghanistan, where NATO is assisting the Afghan government in bringing security and stability to the country. Croatia seeks to provide a tangible contribution to the alliance. This is the rationale behind Croatia's decision to triple its military contingent in 2006, to a total of 150 troops. Currently, Croatian troops are deployed in Kabul, while there is also a civilian component in the German-led Provincial Reconstruction Team in Feyzabad, in the north of the country.

You recently met with President George W. Bush in Washington, DC. How would you categorize Croatia's relationship with the United States and the Bush administration?

The partnership between Croatia and the United States is excellent, and it is advancing in a number of areas of mutual interest. My meeting with President Bush was an important step forward in Croatia's relations with the United States in many respects. I had an opportunity to outline Croatia's enduring interests in contributing to the transatlantic community, notably by joining the European Union and NATO, and to stress Croatia's desire to further deepen and expand the partnership with the United States. Personally, I am very encouraged by President Bush's remarks at the NATO summit in Brussels in February 2005, referring specifically to Croatia's NATO agenda. Croatia shares with the United States the belief that a Europe whole, free,



Prime Minister Sanader meets with California Governor Arnold Schwarzenegger in Santa Monica in July 2005 for talks about cooperation between Croatia and California.

already achieved a high level of legal harmonization with the European Union. Considerable work is still in front of us, but we approach this with optimism. We stand ready to contribute to the success of a united Europe, together with Croatia's participation. Since the opening of the accession negotiations, public support for EU membership among Croatian citizens has been over 60 percent.

With the start of EU accession negotiations, the issue of NATO membership has once again appeared in the spotlight. What are the prospects for Croatia's entry into NATO and what actions are being taken to accelerate the process?

Membership in the EU and NATO are two strategic goals of the Croatian government, aimed at the overall integration of the country into the Euro-Atlantic community of democracies. The roads leading to membership in these two organizations are complementary and mutually reinforcing. With that in mind, it is perfectly clear that the start of EU accession negotiations will reinforce Croatia's bid for NATO membership as well.

This autumn Croatia started its



LEADERS Magazine President, International, Patrick J. Gillis, interviews Prime Minister Sanader at the Prime Minister's office in Zagreb.

tion to countering common security threats – international terrorism and the proliferation of weapons of mass destruction, as well as organized crime and human trafficking.

Participation in NATO operations is of special importance in this process, as it provides an opportunity to share the allies' burdens, while at the same time enabling members of the Croatian armed forces to work side by side with their colleagues from the alliance, and in this way learn and prepare to be fully interoperable

and at peace is the key to enduring stability and economic development on the European continent. In addition, President Bush's commitment to keep NATO's door open is a vital factor in this vision of Europe and global peace and prosperity.

At the global level, Croatia has worked closely with the United States in a number of areas, including the global war on terrorism. Croatia has also helped stabilize Afghanistan and Iraq through various assistance programs, including participa-

tion in ISAF and the training of Iraqi security forces in Jordan. We are also exploring avenues to further assist Iraq through our expertise in forensics and in the identification of victims in mass graves.

Could you describe the level of cooperation between Croatia and the United States regarding issues that directly face Southeast Europe?

Croatia has engaged with the United States through dialogue and collaboration in a broad range of areas where our views and interests converge. In southeast Europe, Croatia and the United States have worked closely on exporting stability, economic growth, and investment. Croatia has also extended cooperation in the field of security. For instance, it has taken the lead in the fight against the proliferation of weapons of mass destruction through participation in the Proliferation Security Initiative that President Bush launched in 2003, as well as taking steps within the Southeast Europe defense ministerial to tackle a broad range of issues, including terrorism, organized crime, human trafficking, and other transborder threats to our security. Croatia is also exporting its talent in the field of democracy-building through the Community of Democracies initiative, a network of like-minded democracies bound by shared values, institutions, and the goals of peace and security through legitimate democratic governance.

Has economic cooperation between Croatia and the United States kept pace with the level of political cooperation?

Croatia wants to expand commerce and trade between our two countries. In terms of foreign direct investment, the number of U.S. investors in Croatia has increased by a third compared to the last decade, and there is increasing interest in doing business in Croatia. Our investment strategy is to attract a portion of the transatlantic trade and investment flows, which are the largest such flows in the world today. Croatia has a favorable geographical position, with an attractive comparative and competitive advantage, offering American corporations and investors a springboard into Central and Eastern Europe. Increasingly, Croatian businesses are looking toward the American market for their exports.

How attractive is Croatia for foreign investors today, and how does Croatia plan to encourage foreign investment in the future?

Over the last 10 years Croatia has received \$2,400 per capita in foreign direct investments. Of all transitional countries, in per capita terms, more investments have been received only by the Czech Republic, Estonia, and Hungary. Investors have obviously recognized the attractiveness of the Croatian market and the diversity of business opportunities. Since most of the investments have been brownfield investments and invest-

ments in privatization, our general focus will now be on attracting export-oriented greenfield investments, high technology, and high-value-added services. Croatia has important competitive advantages that investors could benefit from. One of the most attractive advantages is its excellent geo-strategic position for regional expansion in southeast Europe and the EU. It is also important to point out our highly developed financial system, transportation links, logistics, and infrastructure network, including an almost fully

further close the income gap. During the past 10 years, the Croatian economy grew at an average of 4.2 percent per year, placing us, together with Poland, among the fastest-growing transition economies.

Faster growth in coming years should predominantly come from the private sector. This is why the government is concentrating on creating an environment conducive to entrepreneurship. The legal and regulatory framework is constantly being scrutinized to enhance its predictability, transparency, and legal security.



Prime Minister Sanader meets His Holiness Pope John Paul II in his private library at the Vatican on February 22, 2005.

digitalized telecommunications system.

To help facilitate foreign direct investment, the Trade and Investment Promotion Agency has been established to actively search and support investments in the country. The agency will be the point of contact for all investors. It will coordinate all activities to do with investments and will provide investors with all necessary services.

Many of Croatia's advocates have already pointed out that Croatia's standard of living is higher than that of some countries that were included in the last round of EU expansion. Having said this, Croatia still has a way to go before its standard of living reaches EU levels. Can we expect to see a noticeable increase in Croatia's standard of living in the near future?

Croatian per capita income stands today at about 46 percent of the EU-25 level, and in that respect Croatia faces an EU-average income gap similar to that of Poland, Slovakia, Estonia, Latvia, and Lithuania. In the case of the other candidate countries, per capita income is at about 30 percent of the EU-25 average. It is therefore clear that Croatia has started its accession process with a solid economic base and standard of living. However, our goal is to push the economy along the path of high growth, which will

Fiscal policy is firmly on a consolidation track, and our goal is to reduce the fiscal deficit to below 3 percent by 2007, while at the same time keeping government investment at a high level. Close to 7 percent of government expenditure is currently investment-related, aimed at improving infrastructure and strengthening preconditions for future growth. Croatia is also committed to sound macroeconomic stability, and in this regard has kept inflation below 3 percent since 1993.

It is true that Croatia still has some way to go before achieving the financial standards of Western European countries, but in terms of quality of life, Croatia is one of the more attractive countries. When asked about the biggest advantage of Croatia, foreign investors, managers, diplomats, and others who live in Croatia almost unanimously answer, "quality of life." This quality manifests itself through geographical variety, from the Mediterranean to the mountains; great road infrastructure; and, most importantly, through the people and their way of life. The Croatian lifestyle is not as hectic as elsewhere, yet at the same time Croatia does not neglect business needs and opportunities. Our society is family-oriented, inviting, and extraordinarily safe. All of this makes Croatia a place people do not want to leave and the right place to do business. ●