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AN INTERVIEW WITH KRISTOF BENDER

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An interview with Kristof Bender
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Last month Slovenia *threatened to block Croatia's accession* to the European Union over an unresolved banking dispute. In an email interview, *Kristof Bender*, the deputy chairman of the European Stability Initiative, discussed relations between Croatia and Slovenia in the context of the European Union.

WPR: *How have Slovenia-Croatia relations evolved since the breakup of Yugoslavia?*

Kristof Bender: Most of the time relations between Slovenia and Croatia have been good, particularly if measured by post-Yugoslav standards. Exceptions include a row over the management, ownership and financing of a jointly operated nuclear power plant; a dispute over more than \$210 million in deposits held by Croatian citizens in the Slovenian bank Ljubljanska Banka that were not paid out when the bank pulled out of Croatia in the early 1990s; and a border dispute dating back to independence that involves a few sections of the land border, the division of territorial waters and the question of Slovenia's access to the high seas.

All these issues seemed manageable until, in late-2008, Slovenia blocked Croatia's European Union accession negotiations over the border dispute. The Slovenian government seized the opportunity presented by its veto over Croatia's EU accession process to press for an advantageous deal. This caused a lot of consternation in Croatia, But also in the EU, which was irritated to see the enlargement process held hostage by Slovenia's bilateral interests.

WPR: *What issues remain to be resolved between Slovenia and Croatia before Croatia joins the European Union?*

Bender: Financial questions related to the Krsko nuclear power plant are still pending at the International Center for Settlement of Investment Disputes, but this will not affect Croatia's EU accession.

The blockage of Croatia's accession negotiations was lifted in October 2009 after an agreement on how to resolve the border dispute was reached. In exchange for the immediate resumption of negotiations, Croatia agreed to a formulation of the arbitration question somewhat favoring Slovenia. As a safeguard against further demands by Slovenia, the arbitration procedure was set to start only after the signing of Croatia's accession treaty.

The only remaining contentious issue is the dispute over the Ljubljanska Banka deposits. Slovenia insists that the issue should be dealt with as part of negotiations relating to the breakup of Yugoslavia and wants Croatia to withdraw court cases against the Slovenian successor bank. Slovenian Foreign Minister Karl Erjavec announced in late-July that under current circumstances, Slovenia might not sign Croatia's accession treaty. Croatia's government says that the issue should not be linked to the ratification of the accession treaty.

WPR: *What efforts are underway to resolve these remaining issues, and what role does the EU play in mediating the disputes?*

Bender: The EU, in particular the Swedish EU presidency, has played a key role in brokering the arbitration deal on the border issue. That process is now underway.

While the EU has declared that the Ljubljanska Banka dispute is a bilateral issue, there is clearly irritation in Brussels over the Slovenian threat. Carrying it through would come at a high price for Slovenia. At stake is its reputation as a reliable regional player as well as its prestige among its EU peers, both of which are still recovering from serious blows due to Slovenia's previous blockage of Croatia's accession negotiations in 2008. □

Photo: The Croatian-Slovenian border (photo by Wikimedia user Nem80).

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