



What can be expected from the Czech EU Presidency?

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The Czech Republic assumed the rotating Presidency of the European Union on 1 January 2009, following France and as only the second new EU member state after Slovenia to hold the position. It comes at arguably a very difficult time for both the EU and the Czech Republic itself. During the Czech term, the EU and the world economy are probably going to reach the bottom of the global economic crisis. The EU is struggling to push with the ratification of the Lisbon Treaty after the Irish 'no' vote in June 2008. Likewise, it has to deal with the aftermath of another serious crisis that occurred in the course of 2008 between Russia and Georgia. Moreover, the assumption of office by the new US administration puts the Czechs in the position to being the first to talk to the new US President. Apart from these, the Gaza conflict and the crisis over the gas pipeline are testing the country's abilities in crisis management and mediation in the very first days of its Presidency. Following the hyperactive French Presidency, it is not unreasonable to wonder whether such a new and relatively small EU member state outside of the eurozone will be capable of tackling this formidable set of challenges.

Within the Czech Republic, the situation has calmed down after the Civic Democratic Party (ODS) Congress at the beginning of December 2008, where the party chairman and current Prime Minister Mirek Topolánek defended his position as party leader. Few weeks before, the fate of the government was far from certain and rumours were spread throughout Prague's corridors of power about another vote of non-confidence, early elections and a caretaker government leading the Presidency. The victory of Topolánek at the party Congress confirmed the position of the pragmatic, realistic and more pro-European stream in the party, with the honorary chairman Václav Klaus demonstratively leaving the conference and announcing that he would back a Eurosceptic party (Libertas.cz) that is emerging around some ODS members close to Klaus. While in a short-term this can be viewed as a weakening of the party, it is likely to strengthen it in the long run, as it will enable ODS to shed its 'Eurosceptic' label sometimes attached to it by the (mainly) West European press. In the run-up to the presidency, the truce between the government and the leading opposition party, the Social Democrats (CSSD) seems to have turned into a honeymoon (which is quite exceptional in the context of the last two years), with both leaders agreeing how important it is to have a successful presidency. There are, however, numerous internal challenges that the government will face.

The first and most visible obstacle for the Czech Presidency is the co-habitation with President Klaus. Reputed to be perhaps the most Eurosceptic head of state in the EU-27 (possibly competing only with Lech Kaczyński), no one knows exactly what role he will or can play. The Czech Constitution does not make a clear pronouncement on the division of competences between the President and the Government vis-à-vis the EU, although undoubtedly the Prime

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Minister will in practice act as the European Council President. It is likely that Klaus will seek at least some kind of role, however formalistic that might be. It was ruled out that he would chair any of the European Councils or the most important EU-third party summits, namely EU-Russia, EU-US and EU-Western Balkans. In the case of Russia, the reason is the conspicuously different stance taken on the Georgian crisis, with Klaus explicitly blaming Georgia for having provoked the violence while the government condemned the Russian aggression. In case of the United States, it is difficult to imagine Klaus trying to convince the Obama administration to sign up to the post-Kyoto deal on global climate change to be negotiated in Copenhagen at the end of 2009, given his sceptical views on the issue. And with the Western Balkans, it is hard to envisage that Klaus could make a constructive contribution to resolving the issue of Kosovo's independence (especially in relation to the deployment of EULEX), given his remark that he was "ashamed of the Czech Republic" and his bashing the Czech government for having recognised Kosovo. This record leaves him with very little he can actually be in charge of in external relations, although there is some speculation that the government would let him chair the EU-Canada summit. But he can be very active vis-à-vis the domestic population (already now the media are giving him enormous visibility), and can play a very ambiguous role in selling the work of the presidency to the Czechs, particularly in the run up to the European Parliament elections in June 2009. The unpredictability of Klaus's behaviour can actually undermine some of the good intentions and ideas of the Presidency, both on the international scene and vis-à-vis Czech citizens.

Another huge internal challenge facing the Czech Presidency is the domestic ratification of the Lisbon Treaty. Despite the strong push from the other EU member states, Commission President Barroso and many members of the European Parliament, the vote in the Chamber of Deputies was postponed until 3 February 2009. Understandably, the Prime Minister did not want to agitate to have the voting take place too quickly, as the emergency session was called only a few days after the party congress and Topolánek was not confident about the outcome even within his own party, as 3/5 majority is needed to carry the ratification.

Three important variables will determine whether the Treaty is going to be ratified in the course of the Czech Presidency. The first one is the attempt of Mr Topolánek to link the Lisbon Treaty with the missile defence treaty with the US, arguing that the country needs both. This is a potentially dangerous game, as there is a much wider cross-party consensus on the Lisbon Treaty than on the radar system, and public opinion is also much more supportive of the former. Prime Minister Topolánek knows all too well that it would be much harder for him to get away with failing to mobilise sufficient support for the Lisbon Treaty across his own ODS party, but he might attempt to stage the vote only if he is sure he will get sufficient support in the Parliament for the missile defence treaty. The other problematic points might be the upper chamber of the Parliament – the Senate – as well as sanctioning of the Treaty by President Klaus who recently announced he would not sign it until the Irish say yes. It is unlikely that Klaus would attempt to veto the ratification, not least because there is such precedent for such action and the Supreme Administrative Court will almost certainly rule against him. Nevertheless, he might try to refer the Treaty to the Constitutional Court again, which could further delay its ratification in the Czech Republic.

In terms of the agenda for the EU, the Czech government has reduced its priorities over the past year and a half from six to three points: i) competitive Europe, ii) energy and climate change and iii) an open and safe Europe. The experience of the French Presidency shows, however, that the Czech term might be reduced mainly to crisis management. As highlighted earlier, the economic crisis is going to hit hardest during this six-month period, decreasing the general European appetite for further liberalisation of the internal market, which was supposed to be the main goal of the Czech government. Conversely, the Presidency may find itself having to resist the temptation to revert to more economic protectionism and stricter regulation, which might prove difficult. This, coupled with the fact that the European Parliament will become a lame-

duck body as of March, means that not much can be achieved in legislative terms. One issue that the Czechs could have sold as a success would be the removal of transitional periods for free movement of labour from the EU-10 to the old member states. By now, however, it is evident that at least Germany and Austria are not moving in this direction until 2011, with the economic crisis likely to be used as a handy justification for keeping the restrictions. Also the fact that the Czech Republic is not in the eurozone might leave its government vulnerable to Mr Sarkozy ambitions to have a say over how the Czechs handle the more global economic issues, particularly due to France's membership in the G20. The Czechs can, however, push in setting the right economic agenda for the upcoming European Commission, on such issues as the simplification programme of European legislation, cutting economic red tape, increasing the competitiveness of the European economy in the global context and jump-starting economic growth. These will be the issues that the EU will have to tackle as the result of the global financial crisis. Thus, forging a wide consensus in the Council on these issues and focusing on policy debates rather than on legislation might still yield some fruit, even if not so much visibility.

The other two policy priority areas – energy/climate change and external relations – can put the Czech Presidency in a more visible light. After the adoption of the energy/climate package in December 2008, the Czech will have to engage in global diplomacy, paving the way for the Copenhagen summit on a post-Kyoto regime and trying to get as many other important players on board as possible, in cooperation with the upcoming Swedish Presidency. The government, however, is actually more interested in energy security as one policy area that Topolánek would genuinely like to see developed at the European level. The more general aim is to forge a greater consensus among the member states that it is important and that overall energy dependence on Russia is potentially dangerous. This thinking applies especially to the more sceptical and 'unilateral' countries in terms of energy solidarity, such as Germany or Italy. Among the more practical outcomes might be giving a new boost to the Nabucco project by organising the Trans-Caspian summit involving the potential Central Asian and Caucasus suppliers (Azerbaijan, Uzbekistan and Kazakhstan) and transit countries, and backing the Nabucco summit to be held in Budapest. The timing might be right as the crisis seems to be hitting the Russian economy hard and the rapidly falling oil prices are adversely affecting its energy companies like Gazprom. Accordingly, Russia is likely to be more defensive in its push for the competing South Stream project and less prone to blackmail the EU by threatening to divert pipelines to emerging economies of South-Eastern Asia. On the other hand, the Czech Presidency must be careful in its support for decreasing the energy dependence on Russia at any cost and trying to get the gas to Europe from practically anywhere. It would be difficult for Topolánek to argue that we might consider bringing Iranian gas to Europe and at the same time asserting that Iran is a threat to European security and that we need radar in Central Europe against the potential attack by its missiles.

The third priority – external relations – arguably provides the main window of opportunity for the Czech Republic during its Presidency, with the strong triumvirate of PM Topolánek, Vice-Premier Vondra and the foreign minister Schwarzenberg being closely aligned. The Czechs have placed three big themes on the agenda: transatlantic relations, the 'Eastern partnership' and the EU enlargement to Western Balkans. But as the first days of the Presidency have shown, there are other urgent issues emerging around Europe that the Czech Presidency will have to tackle. With the Gaza crisis, the limited leverage of Czech diplomacy puts the Presidency in a disadvantageous position compared to the drive of President Sarkozy, who launched a parallel mission to the Middle East and seems to be doing better so far, by engaging other actors such as Egypt. In the gas crisis, the Czech Presidency has confined its actions to calls for full restoration of gas supplies to the EU but has refused to mediate between Gazprom and Naftogaz, arguing that the issue will have to be settled primarily between the Russian and Ukrainian political leadership.

As for the United States, the excellent bilateral relations and strongly Atlanticist leaning of the current Czech government make this priority an obvious choice. The incoming Obama administration creates an overly optimistic image in Europe that the transatlantic relations will be given a new boost. The Czech government is probably a bit more realistic in this sense – the US is almost surely going to ask for an increased commitment of the European allies in NATO or US-led operations and will be very cautious in WTO talks due to the economic crisis. It would be already a huge success if the Czechs managed to push with two issues: getting the new administration on board for the Copenhagen summit in 2009 and improving cooperation between the EU and NATO. Progress on the second issue might be a bit trickier, but NATO 60th anniversary summit is likely to be used as a pretext, with the intention to have an informal EU-27-US summit just after the NATO summit. Practical obstacles will remain, however, associated primarily with the issue of Turkish participation in ESDP (European Security and Defence Policy) and the EDA (European Defence Agency), which the Czechs might try to reopen as well but are unlikely to achieve any breakthrough unless there is substantive progress on the Cyprus issue.

In 2009, with the Czechs and the Swedes at the EU helm, we are likely to see much more focus on Eastern Europe following what can be called the ‘Mediterranean year’. The Czech Republic has already strongly backed the Polish-Swedish initiative and contributed to the first Commission communication on the Eastern Partnership published in early December 2008. The visible outcome will be the first summit between the EU and the six countries of the Eastern partnership (Ukraine, Belarus, Moldova, Armenia, Azerbaijan and Georgia) and a determination to upgrade this format into a particular sub-policy of European Neighbourhood Policy (ENP). It is more difficult to envisage how the Czechs will help to fill the Eastern agenda with substantive content. The Commission communication remains rather blurry; it seems that the Czechs will be interested in seeing a more differentiated and bilateral approach vis-à-vis these six countries, but beyond this, not much can be guessed by an external observer.

As for the third external action priority –EU enlargement – the focus of the Czech Presidency is clearly on the Western Balkans. The problem with the region is that not much can be expected in the first half of 2009, apart from possibly speeding up the accession negotiations with Croatia. But even here after the failure to unblock most of the chapters during the last accession conference (19 December 2008), the prospects remain rather obscure. Still, one can hope that the Czech Republic can mediate between Slovenia and Croatia on settling the border dispute or at least to move it to a purely bilateral framework. With regard to the other countries of the region, most progress can be expected on visa liberalisation, with FYROM and possibly Montenegro being moved to the Schengen ‘white list’. Also, the Presidency will probably seek a quick opinion from the Commission on the membership application of Montenegro and, if the Commission’s avis is published swiftly, then the Czechs will try to push for its candidate status in the Council. The perspectives are less clear in relation to the three most problematic countries in the region – Bosnia, Serbia and Kosovo. In Bosnia, the major challenge will be the transformation of the Office of High Representative (OHR) to the European Union Special Representative (EUSR), which is foreseen in the next year. With regard to Serbia, the ratification of the Stability and Association Agreement (SAA) in the Netherlands is unlikely to be completed unless Ratko Mladić is extradited to the Hague tribunal, which is beyond the Czech Republic’s influence. Finally, with regard to Kosovo, another critical year will be expected due to the necessity to closely monitor the work of the EULEX mission in Kosovo, and particularly its deployment in the northern, Serb-dominated part of the country. The Presidency will probably strive to push for Kosovo’s recognition by the reluctant countries, but it is almost impossible to achieve the EU-27 recognition under the Czech term. In fact, it is possible that the reality on the ground will move Kosovo closer to de facto division of the country (facilitated by the different terms of deployment of EULEX) obliging the Presidency to

tackle the possible repercussions of such a scenario for the wider region and the possible spillover effects on Macedonia, Montenegro or the Sanjak province of Serbia.

The plans of the Czech Presidency do not lack ambition, for a mid-sized EU member state taking its turn at a rather complicated time for the EU. The Czech government has already re-evaluated its priorities and it now seems ready to focus even more on confronting the major challenges such as the global economic crisis or the ratification of the Lisbon Treaty. The internal situation in the Czech Republic can negatively influence the overall delivery of the Presidency, but it will not result in a major failure, as some European media have tried to portray it. On the other hand, the coming to an end of the terms of the European Parliament and of the Commission can provide the Czechs with a window of opportunity to focus less on inter-institutional bargaining and more on the work in the Council, especially in terms of finding common grounds on the more controversial issues such as energy security, resuscitation of the European economy and the stabilisation and closer involvement in the Eastern EU neighbourhood.