

CZECH REPUBLIC BEHIND THE STEERING WHEEL OF THE EUROPEAN UNION: EXPLORING CHALLENGES AND OPPORTUNITIES OF THE FIRST CZECH EU PRESIDENCY

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Abstract. *The Czech Republic will be only the second of the EU members that joined in 2004 to preside over what is viewed as the most powerful and influential institution within the European structures – the Council. While technical preparations have been well underway for several years, the current political constellation inside the EU seems to be leaving certain signs of nervousness among Prague-based decision makers. The uncertainty surrounding the future of the Lisbon Treaty with the Irish ‘no’ and uncompleted ratification in the Czech Republic itself, recent controversy between the EU and Russia and not least highly complicated political situation at home are all likely to have an impact on the first, and – in the current form – perhaps also the last Czech presidency of the EU. This article will try to have a look at a critical assessment of the preparations for the Czech presidency, various factors, both internal and external, that are likely to influence its execution, as well as at its priorities as they are tabled at the moment.*

Keywords: *EU presidency, Czech Republic, enlargement, European Neighbourhood Policy*

Tasks of the Czech Presidency – challenges of the joint programme

The role of any presidency can be defined in terms of several points: agenda-setting, mediation, representation and organisation. We will not deal with the co-ordination and organisational and logistic structure of the Presidency, as this would be rather technical and descriptive exercise. It would be sufficient to mention that the preparations have been co-ordinated from the Unit subordinated to the

Vice-Premier for EU Affairs Alexandr Vondra and incorporated within the structures of the Office of Government, a body co-ordinating the activities of the government but without a specific role in public administration.

The other tasks are more interesting to examine. It is clear now that the representative role of the Czech presidency will remain untouched. This has been until recently one of the headaches that the officials in the government and particularly in the Foreign Ministry had to deal with for quite some time. It was expected that if the Lisbon Treaty came to force on 1 January 2009, the Czech presidency will be responsible for the implementation of the institutional innovations enshrined in the treaty, including the permanent chair of the European Council or EU High Representative, who would take over the external representation from the current prime minister and the foreign minister of the country holding presidency. Thus, the MFA

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was working with several different scenarios dependent on when the treaty might enter into force which obviously complicated the preparations. It was not for instance sure what the role of the Prime Minister in the Council would be – while the sectoral ministers would chair the different Council formations, the Prime Minister would be somehow excluded from the Presidency business and this might have deprived it of the necessary political leverage and drive. One can at least assume now that this practical obstacle has been removed; on the other hand, it opened other challenges such as that the Czech government will have to deal with the outcome of Irish ‘No’ during its presidency term. Thus instead of implementing institutional changes, the Czechs will perhaps even more delicate issue of how to get out of the current stalemate.

The agenda-setting function of the Presidency has probably proved the most contentious issue of the preparations thus far. Czech Republic is not completely free to set the agenda for the Council during its half a year of sitting in the steering chair. There are at least two factors that limit its execution: one is the “given” agenda, which has been decided by the European Council beforehand and time-wise will be discussed under the Czech presidency. The mid-term budget review, discussing the structure of expenditure in post-2013 financial perspective is one example of such an issue. The other additional obstacle to the agenda – setting is the recently established system of “team presidencies” in the Council, whereby the three consecutive countries work together on basis of a joint programme. Each of the countries sets its own priorities, however, these have to be co-ordinated with the other two members of the Trio to ensure coherence and continuity. The negotiation of the French, Czech and Swedish joint work programme

proved particularly difficult. This can be already illustrated on the choice of the motto – while the French have chosen ‘Protection Europe’, indicating that they would like to deal with issues like immigration or defence, the main motto of the Czech presidency is ‘Europe without barriers’, articulating determination to press for removing obstacles in the internal market, liberal trade policy but also enlargement. At a certain point, the talks were so closely to collapse that the programme had to be drafted by the General Secretariat of the Council which came up with a compromise wording. Nevertheless, it seems clear that there is a much stronger alignment between the priorities of the Czech Republic and Sweden within the Trio than with those of the French government.

Internal factors influencing the Czech Presidency

Shaking government

Internal factors that will influence the execution of the Czech presidency derive firstly from the current strength of the Czech government and the degree of internal consensus among various political actors, secondly from the position of the Czech Republic in the EU. The first factor does not seem to be very favourable. The Czech Republic has a weak and unstable government at the moment, with three coalition partners – the conservative Civic Democrats (ODS), centrist Christian Democrats (KDU-ČSL) and the Green Party (SZ). The Prime Minister Topolánek has been facing enormous problems in the last year to hold the coalition together, being exposed to the pressure of many members of the Green Party to leave the coalition, implications of Vice-Premier Čunek (leader of Christian Democrats) in corruption (by not being able to

prove the origin of some of his assets) and more recently even facing an internal crisis within his own party with some ODS deputies leaving the parliamentary club. Government which is constantly shaking is obviously less likely to give the strong leadership to the Union. There was a proclaimed consensus among the parliamentary political actors to pull together during the following half year, as it is regarded as a matter of national interest and especially since this is the first presidency and the future image of Czechs in the EU is likely to be strongly influenced by its outcome. The major opposition party - the Social Democrats - have offered 'armistice' during the Presidency, meaning that they will not initiate a vote of confidence to the government. But whether the presidency will be enough to put the politicians off the vision of scoring points domestically is an open question. With the regional and Senate elections approaching (October and November 2008 respectively), the opposition Social Democrats escalated anti-government rhetoric again and threatened in case they win the regional elections, they might initiate a vote of non-confidence leading to a transitional (i.e. caretaker) government during the Czech presidency. Topolánek could perhaps only be comforted with the fact that Slovenia was facing a similar situation recently. The coalition headed by Prime Minister Janša was close to a break-up just a few weeks before the start of the Slovenian presidency. Under the pretext of 'national unity', Janša managed to hold the coalition together during the whole term and lead the country and the EU. Nevertheless, two days before the end of the Presidency Janša called an election. In the Slovenian case this was a regular election, but it is quite possible that if the current coalition fares badly in the election, the 'armistice' will be over even before the start of the presidency and the

Prime Minister will be forced to call an early election.

Polarisation regarding European issues

Another internal factor relating to the Presidency has to do more with a long-term vision of the EU's future. The Czech political scene is strongly polarised in this respect, ranging from hardcore Euroscepticism of President Václav Klaus and some ODS members to the visions of political or even federal Europe shared by many Social Democrats. This poses several particular challenges for the Czech Republic ahead of the Presidency. The most imminent one is the mediating role in the situation dealing with Lisbon Treaty ratification crisis. The Czech Republic has not ratified the treaty yet, as the document is awaiting compatibility check at the Constitutional Court which should come out in late October 2008. Regardless of the ruling, the ratification might prove very complicated. The camp of Treaty's opponents, even in the ranks of ruling ODS party, has grown stronger with the Irish 'No' vote and with the outspoken opposition of President Klaus (party's honorary chairman) who declared the Treaty dead immediately after its rejection in Ireland. But the Prime Minister needs the treaty to be adopted, despite the fact that he is not its wholehearted supported. Firstly, President Sarkozy made it clear that without the Treaty he will be opposed to any further enlargement which is a point that will be likely supported by many other countries in the EU. Topolánek, as a pragmatist, knows too well that the trade off with the French will be necessary. But this is not the only reason why Topolánek should be eager to get the treaty approved. The ratification is pushed strongly by the two smaller coalition parties – Christian Democrats and the Greens. Furthermore, the Treaty creates a better

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framework for some policies that the Czech government is interested in getting high on the EU agenda, such as energy security, and removes institutional obstacles that the Czechs would have to tackle with regard to the composition of the upcoming European Commission, where the number of commissioners will have to go down, but not yet settled how. Last but not least, the Czech Presidency will have to deal with the aftermath of Irish no. The referendum in Ireland will not be repeated before the autumn of 2009, due to the European Parliament elections. It is also becoming increasingly clear that no substantial deal vis-à-vis Ireland (and with what possible concessions to Ireland the referendum will be repeated) will be reached under the French Presidency, except for the roadmap at the December 2008 summit. Thus it might be the up to the Czechs to offer a solution and a deal to Ireland. If the Treaty is approved by all the other 26 member states and especially by the Czech Republic in the Presidency position, it is more likely that such an agreement with Ireland could be found.

Position of the Czech Republic in the EU – size and money do matter

There are other things that will have an impact on the exercise of the Czech Presidency – the size, the budgetary position and the fact that it is a relative newcomer to the EU. The size seems to play rather in favour – usually the small countries' presidencies tend to perform better, as those countries are perhaps less ambitious in their agendas, can team up better with the Commission and do not have such strong stakes in many issues which makes them better suited for the role of the potential broker. On the other hand, this might turn disadvantageous in the foreign policy arena. Small countries in the EU's helm are less

likely to be taken seriously by the third parties they have to represent the EU, particularly in the case of Russia. The Czech Republic will be in charge of the EU-Russia summit in the spring of 2009. The question arises to what extent the Czech Presidency would be able to handle the situations such as the one that arose around the Russian-Georgian crisis in August 2008. Many French diplomats informally acknowledged that the EU was lucky when the Georgian crisis broke out during the French presidency, as France was much better positioned to negotiate with the Kremlin on behalf of the EU than Slovenia or the Czech Republic. But the relations to Russia turn out to be a very contentious issue generally, and it is unlikely that any country in the EU would be able to strike a deal which would significantly differentiate from what could be viewed as the 'lowest common denominator' in relation to Russia.

The budgetary position of the Czech Republic is significant because the debate on the mid-term review of the current budget and the discussion of the composition of EU expenditures after 2013 will be launched in the first half of 2009. One can generally assume that the country would be in a better position if it was a net contributor, as these countries have politically more weight to carry such negotiations. This might well change in the next budgetary perspective, but in 2009 the biggest paymasters such as Germany, the Netherlands or France are likely to have the main say. On the other hand, the Czech position towards the budgetary structure is quite articulated: cutting down the agricultural and structural expenditure and pouring more money into policies that would foster European competitiveness, such as research and development. The cuts in agriculture are likely to be strongly opposed by France, the holding the presidency just before, thus the assumption that the Czech presidency would

keep a lower profile in this respect and try to move this agenda on to the Swedes. There is also a good justification for that – it makes sense to wait for a new European Commission and the newly elected Parliament to interfere in such debates. The launch of the debate is also dependent on whether the European Commission will publish the White Book on the budget reform already at the beginning of 2009, which is not sure given its approaching end of term.

Bringing the 'fresh wind' to the Council?

Finally, the Czech Republic being only the second newcomer to the EU to hold the presidency after Slovenia makes it totally inexperienced (in practical terms) with the Presidency business. The Czech Republic had its bitter experience with misunderstanding the negotiating and procedural rules in the EU, such as over the EU common position on Cuba in 2005 when the Czech delegation agreed to lift provisionally diplomatic sanctions, thinking that they would be re-imposed automatically if the Cuban government would fail to improve human rights situation, which was not the case. On other occasions, such as the case of the Swedish-Polish Eastern partnership initiative, a rather clumsy approach of the Czech administration caused that an idea brought by the Czechs to the Council was picked up by others who developed it and presented it as their own initiative. Hopefully, the Czechs have already learnt their lesson and will be able to handle such situations in a better way. So far, the Czech Republic is trying to sell the fact of being the newcomer in terms of substantive agenda as well as the image, purporting that a "fresh wind" should be brought to stiff and cumbersome thinking of the European institutions – thus for instance

the push for more open and liberal Europe, further deregulation at the internal market and liberal trade policy. In terms of the image, the Czechs government arguably tries to give the impression that this will be a non-conformist presidency. Some controversy has been generated around the public campaign launched by the government in September 2008. The main motive of the shot is a sugar cube which is a Czech invention and depicting various Czech personalities playing around with it and accompanied by motto "We will sweeten Europe". The motto it can be interpreted in several different ways in Czech. Sweetening has a positive connotation and it has been interpreted as making the overall product (i.e. EU) better by adding sugar (i.e. the Czech invention). On the other hand, it can also mean sarcastically making the life more difficult, meaning that the Czech Presidency will not always chose the way of least resistance or lowest common denominator. Last but not least, some double meanings can be spotted here as well – it can be interpreted as a parody of the infamous "sugar reform" implemented in the EU over the last few years, which severely hit the Czech sugar producers. Finally, it would certainly recall the remarks by Václav Klaus prior of the Czech accession to the EU when he admitted to be afraid that the Czech Republic might dissolve in the EU like a sugar cube in a cup of coffee.

External (objective) factors

External factors will also have a strong impact on the execution of the Czech Presidency. At least two of them are particularly worth considering – the upcoming elections to the European Parliament and the end of term of the Barroso Commission. They are generally considered as factors that hinder a strong performance by the Presidency,

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because there is very little legislation passed as the Parliament is practically inactive for the whole second half of the Presidency's term. Likewise the European Commission does not table any major policy initiatives, although the Prodi Commission adopted just at the end of its term one of the most controversial legislative proposals, known as the 'service directive'. It is rather unlikely that the current Commission will put forward such a controversial proposal. However, some of the things sensitive particularly to the new member states will definitely be on the table. One of such issues will be possible extension of the transitional periods for the free movement of labour from the countries that have acceded in 2004 to additional 2 years. Although these measures are being applied only by a few countries (including e.g. Germany and Austria), the Czech government is already now arguing that the extension is unjustifiable, quoting that the number of Czechs working in EU-27 is about twice lower than the number of EU nationals working in the Czech Republic. However, the Czechs do not have any effective means of reverting this as the final decision is up to the individual member states. The issue would be sensitive politically, given that those who want to keep the restrictions in place will have to prove that their removal would cause strong disruptions to the labour market – something that would surely be difficult even for Germany and Austria. The European Commission was already asked by a group of new member states to produce its own assessment of the impact of removal of the existing restrictions on the European labour market.

In terms of other objective factors, the Czech Presidency will try to make use of the symbolism relating to the first half of 2009. It is going to be exactly five years after the first Eastern enlargement, which the Czechs would love to sell as a win-win situation from which

both sides benefited enormously. On the top, they will also use this argument to stress that enlargement must continue and that 'enlargement fatigue' cannot become a pretext for creating 'Fortress Europe'. Furthermore, 2009 is going to mark 20th anniversary of the changes in Central and Eastern Europe and the collapse of communism, which will highlight the huge political, economic and social progress that the region has made since then. Finally, the 60th anniversary of the Washington Treaty establishing NATO will be used as a reminder of the importance of Transatlantic relations for the European Union and the indispensable part that the US play in ensuring European security. It will be interesting to see whether the rather symbolical reminders will have some practical implications, which is something that will be examined later on in conjunction with the Presidency's priorities.

Another event that could be important is the fact that the Czech presidency will be in charge of establishing the first contacts with the new US administration and organizing the first EU-US summit with the newly elected US president. The Czechs would certainly want to make sure that this gives a new boost to Transatlantic relations, which witnessed many rows with the Bush administration over issues such as Iraq, climate change or the International Criminal Court. The success will also depend on the outcome of the U.S. election, nevertheless, there is a widely shared hope in Europe (and in Prague for that matter) that things can get only better after George W. Bush.

Of course, one thing that cannot be tackled by any presidency beforehand but might actually become a top priority is an unexpected crisis, like the one between Russia and Georgia or the current turbulences accompanying the financial crisis. The Czechs will most probably have to deal with the

aftermath of both of them, but others might occur unexpectedly. The unpredictability of such events requires a lot of flexibility on the part of the Presidency. Rather than enumerating all the possible threats that might appear, it is more challenging for the Presidency to have an effective crisis management, which would enable it to react quickly to such events. A constructive communication with the Secretariat General of the Council is thus crucial in this respect, but the Presidency would probably not avoid making consultations with the big countries in the EU either.

Priorities of the Presidency – ambitious goals, realistic expectations?

The first drafting of the Czech presidency priorities, which started already at the beginning of 2007, certainly did not lack ambitions. For a mid-sized country in the EU, the Office of Government came up with an extensive list of issues ranging from pursuing further liberalisation of the internal market and liberal external trade policy to negotiating the follow-up of the Hague Programme or implementing the institutional innovations of the Lisbon Treaty. The original list which included some six priority areas has been reduced to three currently standing main priorities – Competitive Europe, Energy and climate change and Europe open and safe, with the original priorities being re-packed into the three. Some of the priorities have not been defined by the government itself – they were part of the pre-agreed EU agenda, such as the CAP health check and the budget review or the follow-up of the Hague programme. Other areas come up with the very nature of the presidency, such as foreign policy, and so the government only limited itself to areas where it has special interest and where it believes the Czech Presidency can have an

added value in moving the EU agenda forward. But the limitation to three priorities indicates a more realistic reflection of the Czech capabilities, as well as the necessity to co-ordinate the priorities with France and Sweden to ensure coherence in the team presidency.

Liberal policy for the internal market – good idea at a wrong time?

The overall priority, reflected also in the motto of the Czech Presidency – “Europe without Barriers” – remained unchanged, and underlines the overall determination to push the liberal agenda in the internal market at the EU level. Some of the aspects present in the original government documents have been abandoned. For instance, the first concept reckoned that the Czech Republic will re-open the issue of service directive, where the country very much supported the original Commission proposal, including the contested ‘principle of origin’. But it would be almost impossible to imagine that some kind of debate could be re-launched before the expiry of the implementation period, not least because the Commission could not present any assessment of the effect of legislation. Thus, the activities of the presidency will probably remain focused on implementing measures that are supposed to bring about an increased competitiveness of European economy, i.e. Lisbon strategy which will be entering its final phase, small and medium enterprises, better regulation package, full implementation of the four freedoms, support for research and development etc. Two issues that have been originally set as separate priorities have now been included under the competitiveness – the budgetary reform and migration. As far as the budgetary reform goes, it has been said that the role of the Czech Republic would only be to open the

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debate on the desirable structure of post-2013 budget. The Czech position is that the EU should cut down both agricultural and structural spending and to focus more on innovative parts of the economy that would make Europe more competitive globally, such as support for research and development. It is likely to be a difficult task, with the opposition coming not only from the southern members of the EU who are in favour of keeping the current structure of spending heavily focused on agriculture, but also from some of the newcomers with large agricultural sector (such as Poland, Romania and Lithuania) who with the approaching vision of reaching the level of rural subsidies in EU-15 might be more reluctant to substantially change the generous EU farming policy.

Regarding migration, asylum and other policies under Freedom, Security and Justice, the position of the Czech Presidency is going to be arguably even more complicated. Firstly, the Czech Republic apparently does not have the strongest stakes in this area, as immigration does not pose such a strong public policy challenge. But it is certainly coming to the fore, as it is seen as one of the possible answers to the lack of European competitiveness, demographic decline and sustaining Europe's growth. Recently the Czech Republic has enacted a very liberal legislation at national level, giving access to third country nationals for both skilled and non-qualified workers to the Czech labour market (known as the Czech 'Green Card'). This would make the Czech Republic an obvious promoter of such progressive measures at EU level that are currently debated, such as the EU Blue Card. Migration policy is also a top priority of the French Presidency, so there would be continuity. But the Czech Republic actually behaves quite destructively in this respect. Firstly, there was a controversy between the Czech government

and the European Commission over the issue of unilateral negotiation of the extension of visa-waiver programme for the Czech Republic, where the Commission wanted to take a lead and negotiate for all the countries not currently enrolled, while the Czech government pressed ahead with bilateral negotiations. This alienation showed some problems that might arise during the Czech Presidency. As the outcome, the Commission agreed to move ahead with the follow-up of the Hague Programme only under the Swedish presidency, although the Czechs really wanted to have this adopted as the 'Prague programme'. The second reason for the Czech reluctance has to do with the opposition to facilitating the legal movement of third country nationals' across the EU. Prague is afraid that with the existing limitations of the free movement of labour between the new and old member states, the Czech citizens might actually find themselves in a more disadvantageous position than certain third country nationals. Although the accession treaty contains sufficient safeguards against such possibility, the Czech administration politicised the issue arguing that the removal of existing restrictions is unfounded and that it has been politicised as well. Thirdly, the Czech Republic is not a frontrunner in other areas currently on the agenda of justice and home affairs – e.g. enhanced police co-operation, harmonisation of criminal law etc. There is currently a lot of suspicion towards transferring more competences to the EU probably motivated by institutional ego of law-enforcement ministries who are afraid of losing power to Brussels and also by a bad state of some parts of law enforcement, particularly intelligence services but also the judiciary. If some kind of differentiated integration should arise, the Czech Republic will most probably not be willing to participate.

Generally speaking, the Czech presidency with its competitiveness agenda does not probably come at the right time. Especially with the current financial crisis, when there is a strong push for more rather than less regulation (albeit specifically for financial markets) and for the need to intervene in the markets more vigorously, the Czech appeal to more open, liberal and less (or better regulated) European market might come at vain.

Energy and climate change – challenge of reconciling contradicting considerations

Regarding the second priority – energy and climate change, there has been an interesting shift in the governmental position, too. Originally only the issue of energy (and particularly the security of energy supplies) was to be put on the agenda, which created quite a strong discrepancy with the French and the Swedish programme, both of them putting main emphasis on climate. Although the refusal to acknowledge the climate change as a global (and European) problem is conferred mainly to Václav Klaus and a minor part of his followers within ODS, the energy issues were the main point of concern for the government. However, the eventual inclusion of climate change into the priorities is not surprising. Firstly, the Green Party presented in the government pushes strongly to take this problem more seriously. Secondly, the Czech presidency will be heavily involved in representing the EU in the key stage of negotiations of the post-Kyoto framework agreement, leading to what is known as COP 15 meeting in Copenhagen at the end of 2009, as the EU mandate would have to be approved at the spring European Council. It will also have to articulate the European position on climate change to the new US

administration, trying to get them on board for Copenhagen deal.

The multitude of aspects involved in the current energy and climate debate – political, economic, social, environmental and others often put the EU and member states in front of unpopular choices, will make it even more difficult for the Czech Republic to find a balanced approach. For instance the idea of moving away from non-renewable to renewable sources of energy opens up the debate on the revitalisation of the role of nuclear energy. This is strongly supported by part of the Czech political establishment, as well as some of the major stakeholders such as CEZ (the Czech Power Company, one of the biggest electricity producers in Europe), but opposed by others, such as the Green Party or environmental lobbyists. Current coalition agreement contains a clause not to start construction of new nuclear power plants in the current term, so it will be internally difficult to bring this issue up in the EU, despite the fact that Prague was the initiator of the so-called 'nuclear forum' in the EU.

The security aspect of energy has to do mainly with the overall dependence of the EU on Russia, especially for its gas and oil supplies. Although the Czech Republic is not as dependent on Russian commodities as the other countries in the region, it is much more so compared to the EU-15. Moreover, it has its own bitter experience with using the energy supplies as a political weapon. Just after the signature of the missile-defence treaty with the United States in July 2008, the supplies of Russian oil through Druzba pipeline were interrupted, allegedly for 'technical reasons', and the government had to deploy its reserves as well as to increase the import through Ingolstadt pipeline supplying oil from the port of Trieste. It is no surprise that the Czech Republic would like to have an agreement to limit the overall Europe's dependence. For this

reason it is determined to hold an informal Council devoted to energy security in February 2009 and also to push for speeding up the EU project of Nabucco pipeline, which should bring gas from Central Asia to Europe bypassing Russia. But the project is too divisive among the member states, so it remains to be seen whether the Czech ambitions are too high, especially given the competing Russian proposal for South Stream pipeline. One of the considerations is also to host a Trans-Caspian summit with potential suppliers from Central Asia and the transit countries of the Caucasus.

Foreign policy agenda – pushing both East and West

The third main priority of the Czech Presidency, called 'Europe open and safe', builds on the premise that the best way of ensuring Europe's stability and security is through an active engagement with the EU neighbourhood, either through the enlargement policy or by enhancing the co-operation with the EU neighbours. For obvious reasons, the Czech Republic is more inclined to develop the eastern rather than southern dimension of the European Neighbourhood Policy. In terms of the enlargement, Western Balkans is the foremost priority. There were rather high ambitions in respect to Croatia, where the Czechs originally hoped that the accession treaty could be signed under the Czech presidency. However, due to the stalemate of negotiations during the Slovenian presidency this is probably no longer the case, although the Czechs are determined to push ahead as much as possible, but the completion of negotiations is not on the table anymore. The Czechs, however, want to press ahead with the other countries in Western Balkans. The decision to open the negotiations with Macedonia might happen

already under the French presidency, in which case it would be up to the Czechs to make the first steps. But much will depend on the Commission's report published later in 2008, and on the position of Greece which has not settled the name issue. Montenegro can apply for EU membership already in 2008, which is likely to push Albania and Serbia to do the same. The Czechs will try to have an early avis of the Commission so that the decision on the candidate status can be perhaps achieved towards mid 2009 or under the Swedish one, but in case of Serbia it will depend on the full co-operation with ICTY and the Dutch position which is vetoing the ratification of the interim political agreement. Thus the most controversial issues in the region are likely to remain Bosnia and Kosovo.

As far Kosovo is concerned, its recognition has proved a highly divisive issue itself in the Czech government. All the Christian Democrats voted against it, including one minister from ODS, and President Klaus even claimed that he was ashamed of the Czech Republic for recognizing Kosovo's independence. On the other hand, the Czechs have obvious interests in Kosovo, not least because the Czech contribution to KFOR is currently the biggest Czech military deployment abroad and CEZ (the Czech Energy Company, largely state owned) is planning substantial investments there. The most imminent challenge would be for the Presidency to try to ensure that the EULEX mission is going to be deployed even in northern parts of the country, dominated by Serbs and practically at the moment run from Belgrade. But if Kosovo is to move to a classical path towards the EU, i.e. to start the Stabilisation and Association Process, a lot of effort would have to be invested into convincing those EU states that have not recognized it yet to do so, as otherwise the

contractual framework for accession (Stabilisation and Association Agreement) cannot be put in place. In Bosnia, the Czech Presidency will have to steer the transformation of the current Office of High Representative to the office of EU Special Representative, leaving the ultimate responsibility for the country fully in hands of the EU, but the phasing out depends on several conditions and it is not sure if they will be met.

As for Turkey, the Czech Republic does not have such strong stakes and interests as in case of the Western Balkans. Still, it is committed to keep the negotiation process going, seeing it as an important incentive for internal reforms in Turkey. Foreign Minister Schwarzenberg recently signalled that the Czechs plan to open as many as four new negotiating chapters, which would be a decent progress, given the fact that normally only two chapters per presidency have been open. The key issue, however, remains the de-blocking of the eight chapters relating to customs union because of the Cyprus problem. It seems that here the Czech Presidency will not strive for a major breakthrough in this respect and developments seem to indicate more in the direction that it will rather be the upcoming Swedish presidency who is working on unblocking the current stalemate, which makes sense given the fact that Sweden is one of the main supporters of the Turkish membership in the EU and has been very active in respect to both Turkey and Cyprus. But ultimately, the Prime Minister reiterated the support for Turkish full membership in the EU, although their coalition partners – Christian Democrats – would still rather prefer a status of privileged partnership vis-à-vis the EU.

The next big issue of the foreign policy agenda of the Czech Presidency will be the Eastern dimension of ENP. The Czechs have

rediscovered the Eastern policy only a few years ago, after it has practically been a non-issue in course of 1990's. From the governmental documents we can see that the region is viewed mainly as an important energy corridor for Europe, but the determination to push for getting the Eastern neighbours as closely tied to the EU as possible is not justified only by energy but by the overall stability of the Old Continent. For this reason the Czechs also emphasize the need for continuing support for democracy, human rights and rule of law across the region. As was already mentioned, the Czech Republic also quite clumsily tried to push for the Eastern partnership initiative in the Council, which was finally taken up by Poland and Sweden. But the Czech government is now, along with Sweden and Poland, preparing the input for the Commission communication that will come out in December 2008 and that will lend at Council's table at the beginning of 2009. Ukraine is likely to be in the main focus, but attention will be paid also to Moldova or the Caucasus countries. The aspiration is to organize the EU 27 summit with the six Eastern partnership countries (Ukraine, Belarus, Moldova and the three Southern Caucasus republics), and generally to keep it on the agenda for the whole of 2009 as Sweden is also very active in this direction. The Czechs originally aspired to conclude negotiations on the enhanced association agreement with Ukraine, but given the current crisis in the country it is unlikely to be achieved.

The most challenging issue for the Czech Presidency in Eastern Europe will undoubtedly be steering the EU policy towards Russia. The Czech position currently builds on the premise that the EU-Russia relations are unequal at the moment, not because the EU would be weaker but because it has not yet defined its strategic

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interests vis-à-vis its Eastern neighbour. The last version of the Presidency plan, produced before the Georgian crisis, reckoned with the Czech Republic pushing for defining a long-term strategy towards Russia, which should include debate not only among member states and EU institutions but also involving think-tanks and foreign policy experts, and striving for better understanding of the processes underpinning the current developments in Russia. However, with the aftermath of the crisis it seems that the Czechs will be faced with many practical issues in relation to Russia such as over viewing the deployment of EU monitoring mission in Georgia, tackling the negotiations on the enhanced agreement which have currently been blocked because of the Georgian crisis or preparing the EU-Russia summit where many sensitive issues will have to be touched upon.

The third main priority area in foreign relations is the Transatlantic relations. One would assume that the Czech Republic is relatively well positioned, given its excellent bilateral relations and strongly pro-American inclination of the current Czech government. But much will of course depend on the outcome of the Presidential election in the USA. While most of the European leaders would probably like to see Obama as the future president of the United States, for the current Czech government it might be paradoxically easier to talk to McCain in the White House. For instance the Czech Republic claims to strive to push for further trade liberalisation in WTO, which is likely to be opposed by the democratic administration and especially by democrat-dominated Congress. Likewise the Czech government's opinion on climate change might be closer to McCain who seems to have a more cautious approach to the problem than Obama. In any case, the Czechs might find themselves in an awkward situation when they have to defend

the EU stance vis-à-vis the United States, while their own position might be closer to that of the US administration than to the majority of the fellow European governments. In any case there is a strong expectation that the Transatlantic relations need a new boost after the elections to reaffirm the value of the Atlantic alliance and shared interests in the globalised world, and that the Czechs will be able to ensure this.

Interestingly enough there is one more country mentioned among the Czech Presidency's priorities – Israel. The Czech foreign policy has been strongly pro – Israeli since the collapse of Communism and the Czech Republic is perceived in Israel itself as one of the main allies and supporters in the European Union, which often does not apply to the Union itself, viewed with a lot of suspicion among Israeli policy makers. The strategy of the current Czech government is to contribute to improving the image of Israel in the EU and vice versa, i.e. engaging Israel more in European affairs. Perhaps also for this reason the Czechs are planning the EU-Israel summit during the Presidency. There might be an opposition to that from the other member states, but diplomatic sources talk about a possibility of a trade-off with the French who would like to have (and chair) another Mediterranean summit under the Czech presidency. The Czech government is also thinking about inviting some Israeli ministers to informal council meetings. Also the ENP Action Plan with Israel will expire in April 2009 and the Czech presidency will push for replacing it by an enhanced document that would underline the 'privileged' role of Israel in the ENP on the principle of differentiation (similar thinking is underway in regard to Morocco).

Furthermore, two horizontal issues regarding foreign policy resonate among the priorities of the Czech EU Presidency. The

first one is support for human rights, the other one is ESDP. In the first case, the emphasis of getting the democracy and human rights on the agenda is understandable from the Czech perspective – the Czech foreign policy has been since the fall of communism very much value oriented, and the Czech Republic is trying to make an impact in this sense even at EU level to highlight the importance of support for democracy, human rights and the rule of law. What can be practically achieved under the Czech Presidency is another question. The Czechs would not be able to launch the debate on the European Instrument for Democracy and Human Rights (EIDHR), as only the first project cycle under the new rules will be finishing and the Commission would only publish its own report. However, there will be an attempt to open a wider debate on the role of supporting democracy, human rights and rule of law in EU foreign policy involving especially NGOs. The Presidency will also strive for having a more structured dialogue between the European institutions and NGOs working in this field. Moreover, there is also a positive constellation with Sweden taking the presidency over after the Czechs, as this point features very high on the Swedish agenda, too.

One has to be a bit more careful with interpreting the mention of ESDP among the presidency priorities. The Czech Republic has so far not acted as an enthusiastic supporter

of ESDP. The main concern of the Czech government is that the underpinning ambition is to create duplication, or even counterbalance to NATO as the main security provider. At the same time, the Czechs are well aware that Europe needs more hard power if it is to play a role of a global actor and to take care of its own security interests. However, the emphasis is on building ESDP as complementary to NATO, so the main accent is likely to be on improving strategic dialogue, co-ordination and interoperability with NATO. The government document also mentions the need to prevent emergence of any permanent planning structures within ESDP.

So far, the support seemed to be purely rhetorical with any specific ideas on the table. Moreover, the Czech Republic will be probably faced with difficult choices in this respect too. For instance if the Lisbon Treaty comes to force (or even without it), some members states are likely to be willing to implement the permanent structured co-operation in defence. This might be a real test case for the Czechs, who take the military engagement more seriously and are increasing deployment in international operations, mainly under NATO command. Whether they will be willing to engage more also in war-like EU-led missions remains to be seen.