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Policy Paper
Czechia's Policies within the EU in
the Context of the Upcoming
Presidency to the EU Council
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Abstract

As Czechia will hold its rotating presidency to the EU Council in the second half of 2022, the government in Prague will have an increased influence on setting the EU's agenda. This paper is an attempt to describe priorities of the upcoming Presidency in relation to the Czech European policy, and most probable challenges (both for Czechia and the EU). The article will also find common points between Czechia's policies in the EU and stances of other V4 members.

The Czechia's Policies in the EU

As the new government will be formed after the parliamentary elections (8-9 October), Czechia will most likely redefine its **priorities in the EU**. Nevertheless, core economic, political or security interests remain unchangeable. As a beneficiary of the European Single Market, Czechia advocates for the preservation of the four freedoms of the EU (free movement of goods, services, people, and capital). To strengthen its position during the budgetary negotiations, Czechia remains embedded in the Friends of cohesion group.

On 17 December 2021, the five-party (the Civic Democratic Party - ODS, Christian and Democratic Union–Czechoslovak People's Party KDU–ČSL, Czech Pirate Party, Mayors, and Independent States – STAN) coalition government under the leadership of Prime Minister Petr Fiala, has been sworn in. The coalition attempts to present a united approach to foreign policy issues, including EU affairs. Deepening of the common market and the post-pandemic economic recovery will be among the EU priorities of the new Czech government.

Despite its approval by the Czech government, Babiš criticised **EU climate policy**, which he argues poses a threat to the Czech automotive industry. Babiš described EU climate initiatives, including the Green Deal as dangerous for the Czech economy, which is strongly export-oriented. Export's main pillar is related to the car industry, as Czechia remains one of the largest car producers world-wide. The former PM also called for using the Czech presidency in the

EU Council to block a ban on the production of cars with internal combustion engines. Fiala's government does not plan to go that far; nevertheless, it pledged to seek to negotiate concessions on timing and possible financial assistance for country's car industry. Because Czechia keeps increasing the share of nuclear in the national energy mix, it might intensify the cooperation with France in seeking to get the EU to recognize nuclear power as clean energy. Czechia is a beneficiary of EU initiatives to support the transformation of affected regions (coal-mining areas in transition) and largest beneficiary after Poland of EU support from the Just Transition Fund for changes in the energy sector.

Czechia values the **security** cooperation in the EU, assessing it as the power-up of national capabilities. It does take part in 8 projects of the Permanent Structured Cooperation (PESCO). Security threats related to the EU are very much highlighted by Czechs. According to the Eurobarometer survey from autumn 2020 made among Czechs, the biggest global challenge that EU will face is terrorism (51% of respondents claim so comparing to the 38% of EU average). Also forced migration and displacement seen by Czechs far more frequently as a threat than by average EU citizens (37% compared to 27%).

Presidency's Priorities and Challenges

Czechia will face several kinds of challenges in the second half of 2022. Firstly, it will face the issues inherited by its predecessor: the French presidency. Secondly, in the second half of the year unexpected crisis might occur concerning

for instance the fight with Covid-19 pandemic or security situation in the EU's neighbourhood. Thirdly, Czechia might face internal issues connected to the country's political situation.

The Treaty of Lisbon, which came into force in December 2009, has **limited the powers** of the presidency into two main tasks. The first one relies on organizing meetings in the Council and its bodies, also representing the Council. The second one requires the country holding the presidency to manage the dialogue between the EU member states and between EU institutions. Going beyond that, each country has the chance to leave its footprint and promote initiatives which they regard as important from the view of national interests. For example, Austria's EU Council Presidency in 2018 under the motto "A Europe that Protects" has paid special attention to the security and migratory topics. France is expected in the first half of 2022 also to prioritize its national interests, for example fostering relations between EU and countries from the Sahel region.

Czechia will have to cooperate with **two other presidencies** within the trio format (the French and the Swedish). These three countries represent different European regions as well as different perspectives on the EU policies. Nevertheless, they were able to present the joint programme of the trio and frame the priorities in four major chapters: protecting citizens and freedoms, promoting a new growth and investment model for Europe, to build a greener and more socially equitable Europe, and to act globally. Regardless the trio programme, still, the presidency will have the privilege of and proposing its agenda to the EU.

Czechia's presidency will have to manage serious **ongoing EU issues** like post-pandemic recovery. It will also inherit huge discussions on topics like the reform of the Schengen Agreement with the improved crisis management, the further development of the migration pact as well as the deepening of the neighbourhood policy. In the case when the French presidency of the Council will fail to bring negotiations on key climate and digital standards to an end, Czechia will have to continue its work. Contrary to France, Czechia is willing to boost the enlargement policy. Therefore, the developments in this area will more likely happen in the second half of 2022 than in the first one. Another challenge could be to moderate public discussion on the "Fit for 55" package (leading to the 55 percent reduction in EU emissions by 2030 comparing to 1990). Czechia will have to scale its national interests and EU's ambitions. Highlighting the digital agenda Czech decision-makers goes in line with the recommendations from the EU, as for example the European Council recommended in October 2020 that at least 20% of the Recovery and Resilience Facility should be allocated for this purpose.

The opportunity for the decision makers would be also a **promotion of the EU** topics to the Czech society, which remains sceptical to the idea of EU integration, including adoption of the euro currency. Moreover, Czechs belong to the most Eurosceptic nations in the whole EU – influenced by a mixture Czech society's perceived distance to any power and narratives spread by far-right parties (like Freedom and Direct Democracy party SPD), far-left parties

(Communist Party of Bohemia and Moravia) and president Miloš Zeman. In the Eurobarometer survey from 2019, only 33% of Czechs claimed that Czechia's membership in the EU is a good thing, which was the lowest result among current EU members. The second Czech EU presidency represents an opportunity to change Czechs' scepticism regarding the EU. This will require bringing together a plethora of entities such as NGOs, research institutes, and academic circles.

Czechia enters 2022 with the five-party coalition, the highest number of political entities creating the government in the country's history. The **endurance of the government** seems to be secured as the governing parties obtained a total of 108 seats in the 200-person lower House of the Parliament (cz. Sněmovna). Czech decision-makers will try to avoid the scenario from 2009, when during last EU presidency the government led by Prime Minister Mirek Topolánek collapsed. Still, possible frictions between cabinet members put the coherence of Czechia's policy at risk. The danger appears also that different or even contradicting attitudes to the EU among Czech policymakers can make the country's message vague, not understandable to its partners. As a result, it might weaken the credibility of the Czech government in discussing the future of the EU.

The different approaches of Fiala's cabinet members could make Czech European policy inconsistent. To the complexity of the current Czech government coming from its composition of five different parties overlaps with President **Zeman's engagement**. He represents Eurosceptic views on the EU, criticising for example the transfer of powers of state

authorities to EU bodies. The office of the president, as the consequence of the political system in Czechia, unlike France or Romania, does not create the country's policy in the EU, but can influence the public debate or pressure the government in various political matters, including EU affairs.

As Czechia will hold the presidency and set the agenda of the EU Council, the process of **organizational preparation** has been launched by the Babiš's government. The effectivity will be an outcome of the resources (both financial and human) saved for the initiative. The ANO-ČSSD government was criticised by the main opposition parties for inadequate financial support for the upcoming EU Presidency. The preparations of Czechia to the presidency became one of the priorities of Fiala's government. It plans, among other things, to raise the employment of the permanent representation to the EU, and secure more funds for this purpose. The creation of a new post – Minister for European Affairs – which is currently held by Mikuláš Bek, shall also reflect the new government's commitment to EU affairs. Still, because of limited capabilities, the presidency for example when it comes to the side events accompanying the presidency, will be more modest than the French one.

The accusations against Andrej Babiš affected the country's image. Czechia was burdened with the proceedings of the European Commission concerning **conflicts of interest** of the former prime minister. The EC auditors concluded in April 2021 that Babiš still controls the Agrofert conglomerate holding. Moreover, the European Parliament has

adopted several resolutions pointing to the misuse of EU agricultural funds with the possible Prime Minister's involvement. Solving the problem with the conflict of the interests was also one of the EC's conditions to accept Czechia's National Recovery Plans (NRP). Its approval was given after the assurances that spending of EU funds will be done transparently. Despite and first payments from NRP, the issue has not been solved yet. For the sake of the presidency's positive outcome, it is imperative that Czechia emphasizes non-partisanship during the Presidency.

V4 and the Czech Presidency

The Visegrad Group as whole and V4 countries separately can benefit from the Czech presidency. This will happen with open **communication** channels and coordinated actions. Traditionally Czechia has the most vivid relations with Slovakia, as both states share the closest political relations with each other than they do with any other country. This has been proven by the first international visit of foreign minister Jan Lipavský after his nomination in December 2021, which traditionally led to Bratislava. The same was done by Prime Minister Fiala in January 2022. Multilaterally, both countries can exchange views also in the frame of the Slavkov Format, which they co-created with Austria (Lipavský's second meeting as foreign minister was with his Austrian counterpart). During these meetings also the upcoming Czech EU presidency was being discussed. Hungary, together with Czechia is the member of the Central Five (C5),

which also involves the ministers of foreign affairs of Austria, Slovenia, and Slovakia. This regional format is not yet a recognizable brand in the EU, but it has already served to discuss an EU presidency. The was used to discuss the agenda of the Slovenian presidency of the EU Council (second half of 2021). C5 meeting in February 2021 was used by Slovenia, which hold it in the second half of 2021 to inform its regional partners about its presidency's plans and actions.

Fiala's cabinet pledged to continue cooperation with the Visegrad Four, which has been marked in the coalition agreement and the government's programme. However, during the campaign before the parliamentary elections in 2021, Pirates were sceptical on the V4 format blaming it for the poor image of the country as well as the region. This attitude has been, among others, the reason why President Zeman has temporarily blocked Lipavský's nomination for the ministerial post. On the other hand, the ODS politicians, to a large extent, back the regional cooperation in the V4 format.

Finding the **common denominators** in the policies in the EU between V4 members is the precondition for joint efforts. This will include, among other, areas like EU's external actions, single market, migration, energy security. In the "Stronger Together" declaration from June 2018, V4 prime ministers spoke in favour of the increased role of national parliaments, accession for the countries of the Western Balkans, integrity of the Single Market and the principle of subsidiarity. V4 coordination in the first place consists of the cooperation on EU agenda, including the deepening of the EU single

market, both its social and economic aspects, and the green transition of economies. Moreover, in the “Stronger Together” declaration from 2018, the V4 spoke in favour of deepening the EU’s defence cooperation and welcomed “initiatives strengthening European defence, with special regard to PESCO and the European Defence Fund”.

However, in the light of V4 anniversary declaration from February 2021, its prime ministers “acknowledge the importance of V4 cooperation in the context of the Conference on the Future of Europe”. Common interests of V4 countries lie in the **cohesion policy**, as all four states are monetary benefactors from the EU. Additional money was earmarked for all EU member states for combating the effects of the COVID-19 pandemic. Here, however, Visegrad countries are in a different position. While Czechia and Slovakia got a green light for their NRP, Poland, along with Hungary still wait for its acceptance. While in the Polish case it was caused by a dispute over the independence of the country’s judiciary, towards Hungary the EC was requiring among others anti-corruption safeguards.

In practice however, V4 states differs on the matter of **EU integration**. Slovakia remains the only V4 member that has replaced its national currency with **euro**. The rest of V4 has so far declared no willingness to adopt the single currency. While Czechia and Slovakia joined European Public Prosecutor’s Office (EPPO) — an element of deepening European integration — Poland and Hungary stayed out of it (the third EU country, which made such a decision, is Sweden).

Czechia and Slovakia do not share Poland’s and Hungary’s critical approach to the conditionality mechanism linking **rule of law** with EU money. The Fiala’s government might pay more attention to these matters than Babiš’s cabinet. Foreign minister Lipavský defines Czech interest that rule of law shall be strong in all EU countries. He also rejected attempts to question the supremacy of EU law over national law. Such state guarantees according to his view respect of treaties and secures wide range of policies, including the free movement of people, goods or capital. European minister Bek expressed concerns about reforms in Hungary and Polish Constitutional Court ruling against EU law supremacy. This might lead the Fiala’s government to distancing itself from the Polish and Hungarian stances. Both countries cannot expect that the Czech presidency will work in their favour.

During its presidency Czechia will pay attention to the **migration** topic, as it is important for Czechia and the whole V4. To a high degree there is a consensus in this field between the four countries. All of them reject, for instance, the idea of mandatory refugee quotas (this has been also stated by Fiala’s government) and highlight the need to protect the EU external borders. In October 2021, Babiš’s government decided to send 50 police to guard the Hungarian-Serbian border and offered Poland a similar support on its border with Belarus. The stances of the Fiala’s government also go in line with the rest of V4 as it claims that the EU must effectively defend its external borders, returns need to be speeded up on the EU level and peoples’ smugglers shall be fought. However, the situation of

V4 states has differed on the EU stage as for example Slovakia was the only V4 country against which European Commission (EC) has not launched infringement procedures for non-compliance with their obligations on the relocation of asylum seekers. Countries also differ in perceiving the role of European Border and Coast Guard Agency. While Fiala's cabinet positively assess Frontex acquiring a wider mandate, Polish government remains sceptical.

Czech authorities' efforts to make this topic of **digital agenda** and the cybersecurity as one of its major themes of its presidency in the EU Council would be desirable for the whole V4. This approach would correspond among others with the programme of the last Polish presidency of the V4. This field has been already accepted as vital by the V4 countries in the Joint Declaration on Mutual Cooperation in Digital Projects from February 2021, which, among others, assumes a mechanism of consultations on digital affairs. But in addition to that, the declaration recognizes the EU as the mayor factor in the process of digitalization. It encourages to prepare relevant legislation at the EU level, which contributes to the creation of cross-border digital projects. It also highlights the importance of the EU funds for digital transformation, especially for joint V4 digital projects. This could be managed with the help from EU resources such as Multiannual Financial Framework 2021-2027 and Next Generation EU. Moreover, all V4 countries support the construction of the Single Digital Market and the Energy Union. Despite representing different approaches on the expansion of their 5G networks (while Czechia excludes the cooperation with Huawei, Hungary is in

favour), when it comes to the **cybersecurity** V4 countries pledge cooperation in this area. An added value could provide consultations with the countries with the developed cybersecurity like the U.S. They can be led through for example the Central European Platform for Cybersecurity, comprised of the V4 states and Austria.

Perspectives

Czechia as the EU's presidency holder will have to act as an honest broker, cultivating dialogue with all member states. Taking into consideration Fiala's government statements about tightening relations with EU's Western members on the one hand and scepticism towards the V4 represented by foreign minister Lipavský on the other hand, it will be hard for the rest V4 to use the Czech presidency to strengthen the format's position. Regardless of differences and obstacles, Poland, Slovakia, and Hungary may mobilise Czechia to increase its involvement in the coordination of EU policy within the V4. In the past, the V4 was able to highlight important issues on the EU stage, for example, when it raised with the EC the issue of different quality standards for the same food products in different EU countries. Based on the trio plans (Czechia with Sweden and France), experience of the last Czech EU presidency (in the first half of 2009) and announcements of Czechia's decision-makers, Czechia will try to act as effectively as possible as a non-partisan EU member. The second part of the year will be also a test in combining government's foreign policy priorities with the engagement in the regional platforms and the commitment to the EU.

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