

Policy Paper

Topics: Czech 2022

Presidency to the Council
of the EU

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Introduction

The Czech Republic will hold its rotating presidency to the EU Council in the second half of 2022. Czechs will be in charge of the EU for the second time after their historical first presidency in 2009 that suffered from the collapse of the Czech government and subsequent political turmoil. Today, Czechs are preparing to don the mantle once again, and one would presume they would want to prove that their public administration and politicians are able to lead the EU, and that media would be filled with reports about the preparatory work.

Looking at the current political discussion, however, the exact opposite is true. Most media reporting has concentrated on the political battle over the presidency budget, but almost nothing has been written on the actual topics and priorities of the Czech programme. The academic sphere and pundits are also falling short of their role as agenda-setters, consultants and opinion makers¹.

The following article aims at filling this gap. Its goal is to provide an overview of where the Czech Republic currently stands in the presidency preparations, and specifically elaborates on what topics Czechia might want to choose as its priorities. Methodologically, the paper is divided into three separate sections corresponding to three different levels of the programme structure: political priorities, trio priorities, and public service level priorities.

The reason for this is that these levels have only limited overlap and also serve a different purpose in defining presidency goals. Simultaneously, there is a different degree of how a state holding the presidency can fulfil its ambition as agenda-setter within the respective presidency programme levels.

The expert level focuses solely on the ongoing EU legislation process. The Czech public administration will have to perform broker's role in many different fields depending on the current bills in the EU

legislation process. This also means that there will be a very little room to become an agenda setter.

On the contrary, the political level usually consists of the incumbent government's priorities whose aim is to generate public attention and simultaneously set agenda for the future EU policies. Most importantly, the actual political priorities do not have to be aligned with the public service level, as more focus is put on agenda setting and promotion of the presidency and the respective national government.

Finally, the trio programme usually consists of complied national priorities and pending EU legislation. Member states do try to align the trio plans with their own, though in reality, the trio document has low political weight and rather describes trio's work plan than a cohesive strategy tying countries' priorities together.

Political cycle and the Czech presidency

Before the text elaborates on concrete topical recommendations, it is necessary to evaluate the current state of the presidency preparations and the political reality in the Czech Republic.

The country is at the end of an election cycle with general election planned for October. The current polls indicate that the current ruling party ANO might not be able to form a new cabinet and if so, many of the currently serving ministers will be relieved from their positions. In this respect, the Czech public administration as well as the political elite are in a difficult situation – the new Czech government might be significantly more pro-European, extremist, or moderate right-wing, depending on new ministers' personalities and political orientation of the ruling parties. No one can predict which way the Czech Republic will take, and thus any concrete plans for the presidency might only be introduced by November this year.

¹ It is difficult to assess why this is the case. It seems that the discussions over presidency are still overshadowed by the budget disputes, and thus there is no space left to elaborate on priorities.

Furthermore, evaluation of perspective topics is more demanding than writing about lack of funding.



Furthermore, the uncertain political situation also manifests in the lack of interests for the presidency within the current cabinet. Since the current ministers do not know whether they will be in power after the elections, and the campaign is underway, there are “more important” issues to be tackled. The personality of the Prime Minister does also not help as he slams any initiative that turns out not favoring the polling. This results in a public administration not knowing which direction it should take and the preparatory work on programme priorities is on hold. Finally, the Czech Republic generally lack a political culture respecting continuity and facilitating cooperation between political actors. New cabinets tend to change policies of previous governments without considering long-term effects of policy changes.

That being said, it will be crucial to create a new cabinet as soon as possible once the election results are known. The new government must swiftly set its priorities and give a political assignment to the public administration. Should the party negotiations slip into 2022, there will be next to no time to tie presidency priorities with actual steps Czech negotiators might take.

Political level

Political priorities are one of the most important parts of a presidency programme. Every single country holding the rotating presidency wants to leave mark on topics that represent its long-term political agenda as well as stress policies of its incumbent national government. In this respect, they are distilled version of a country’s current political preferences.

Another aspect to consider while drafting the political programme is that the goal of political priorities is twofold – set a discussion agenda for the European Union and attract attention to the presidency both at home as well as abroad. The most successful countries usually manage to change European discourse and draw attention to new policy areas. It is beneficial if a state holding the presidency manages to combine a European-wide problems with its own interests, as there is a higher chance its priorities outlive the presidency.

Secondly, in order to successfully pursue the political part of a presidency programme, the country’s leadership must be active and rallied behind its priorities. It also has to work continuously on the topics before the actual presidency takes place as well as after its conclusion. This naturally constrains the selection of topics – should the political elite choose something not linked to countries long-term priorities, the agenda-setting effect would be limited and the raised awareness towards its respective topics would vaporize.

Looking at the Czech Republic and its long-term priorities, there are three topics that can be considered – Eastern Partnership, EU Accession Process and liberalization of the Single Market.

The Eastern Partnership is a good candidate for a political priority as the initiative was launched in 2009 during the first Czech presidency and there would be a strong symbolism in a large conference organized in Prague after 13 years of the policy’s inception. Simultaneously, Czechs and other newer member states are respected for their expertise with regard to Eastern European region. Finally, the Russian aggression in Ukraine and protests in Belarus also make Eastern partnership even more important than ever before.

On the other hand, timing might play against the plans to organize a large high-level summit. There is an Eastern Partnership Summit planned for autumn 2021. It might obviously be postponed due to the COVID-19 pandemic, however, in case the summit takes place as intended, the Czech Republic will not likely be able to stage another high-level gathering. Another problem is linked to the post-Lisbon presidency structure which created EEAS and strengthened position of the Permanent Representative for the CFSP. This institutional structure would likely hamper the Czech ability to present new initiative.

A conference focused on the EU Accession Process is also an option. The 2004 Enlargement countries have traditionally been perceived as “experts” on the EU accession policy, and the Czech Republic has also had close ties with countries in the Western Balkans. If conflict between Bulgaria and North



Macedonia is not solved by the time of the Czech presidency, the Czech Republic might pose itself in the center as an honest deal broker and simultaneously bring the EU Accession Policy again to the center of the European discussions. There are, however, several obstacles. Firstly, Accession Policy is currently unpopular among EU citizens, especially in the former EU15. Secondly, the recent disputes over the rule of law and respecting EU values in CEE do not create a good political environment for a member of V4 to be a vocal supporter of yet another enlargement. Finally, the accession process is also responsibility of EU institutions and there is a big question whether they would be willing to yield the floor for the Czechs.

A third topic to consider is the Single Market, especially considering that Czechs have traditionally marketed themselves as the champions of liberal trade policies and internal market without any barriers. Amid post-pandemic protectionist tendencies, Czech politicians might want to start a thorough discussion on where the EU is heading and what its commercial and anti-trust policies should aim for. The contemporary Union is more about protecting already liberalized trade areas rather than advancing towards more unified Single Market. We can also expect that concepts such as strategic autonomy and trade policy as a tool for EU values promotion, will attract more attention. The only problem is that there are not many Single Market regulations in the legislation process, so Czechs would have to concentrate on a broader discussion rather than particular improvements.

In any case, a success in political dimension will largely depend on the involvement of the Czech political elite, who is currently occupied with the campaign for the autumn general elections as well as the economic and social implications of the COVID-19 pandemic. The Czech public administration seems to be left without a solid political leadership, which obviously obstructs the preparatory work. A lot will depend on the outcome of the autumn parliamentary elections. If a new government is

formed swiftly, Czechs will have a chance to catch up the delay and create a good political programme.

Trio level

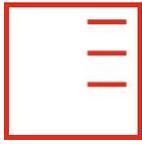
The Czech Republic will conduct the presidency as a part of the same Franco-Czech-Swedish trio from the year 2009. The first draft in form of programme bullet-points was prepared by the French public administration, and subsequently submitted to the Secretariat of the EU Council. Its administrators are currently turning the member states' inputs into a coherent document. From July 2021, a thorough discussion will continue over the secretariats draft meaning that the Czech Republic is yet to get its opportunity to adjust the trio programme according to its needs.

Although the trio programme is very general and has much lower political weight than the actual member state programmes, it is still worth analyzing where trio countries might encounter potential disagreements. It is always better for the impact of the consecutive presidencies when the respective member states are aligned in their goals, and they do not try to negate each other's effort.

From the Czech perspective, there are three areas where potential problems might arise. Firstly, France is a strong proponent of the strategic autonomy concept as well as EU trade policy utilized to promoting EU values. On the contrary, the Czech Republic is supporter of liberalized trade relations that are not employed as a geopolitical tool. The question to what degree Europe should build competences in strategic branches of its economy and how the EU should use its commercial policy in promoting green transition, sustainability and human rights will be in the center of the dispute. Apart from the human rights aspect, the Czechs can rely on Swedes who also tend to favor trade without barriers and protectionism.

Another contentious issue is the overall speed of decarbonization. During the Czech presidency, the negotiators might have to work on EURO 7 emission standards that are expected to ban ICE² cars. The

² Abbreviation for Internal Combustion Engine - ICE



same also applies to decarbonization of energy sources. Although Czechs principally support greening, they are hesitant to move quickly forward. The industrial sector makes up a large part of the Czech GDP, and especially automotive industry is the key for long-term survival of the Czech economic model. There is a growing fear among the Czech policy makers that a swift transition to EVs might eventually hamper further economic growth and cut jobs in the automotive industry.

Finally, the overall EU single market policy and anti-trust legislation might become the core stone of policy disputes between the Czech Republic and France. The Czech position is that the current single market rules work well, and there is no need for a change. On the contrary, France would like to ease the current strict anti-trust rules, so that the EU can create “European champions” like Airbus in other areas. The goal is to build economic giants who would be competitive with large US and Chinese corporates. The Czechs tend to resist this policy shift, as the country’s economy relies either on Czech SMEs or on subsidiaries to large European ventures such as Volkswagen AG. The fear is that the Czech competitiveness would suffer from EU champions, and its economy would further remain a subsidiary position.

That being said, the Czech Republic should try to soften the language of the trio programme in the aforementioned areas. It is unlikely that the discussion and related policymaking will go away just because the Czech Republic opposes them. The goal is to move the discourse into a more moderate and to Czechs favorable direction. In case of single market and commercial policy areas, it can rely on Sweden that tends to have similar positions to the Czech Republic.

Public service level

The presidency programme at the public service level is derived from the current state of the EU legislation process as well as annual work plan of the European Commission. The role of the presidency state in this area is to chair working groups, COREPER and EU Council meetings, and propose negotiation packages that will be discussed within the various formats.

Since this presidency level is closely linked to the legislation process, there is only a limited space for maneuvering, should a member state want to propose a new initiative. The presiding country can only put more stress on certain areas it deems important to its national interests, or slow down negotiation process in unwanted files. In general, however, the national presidency programmes strictly follow the EU’s work plan.

The Czech Republic will hold its presidency right after France, which will be occupied at least three months by their presidential campaign. This means that the country will be in a slight political vacuum and a large part of legislation will slip to the Czech presidency. Should this happen, the Czech negotiators will have to invest additional energy in dealing with the ongoing legislative process.

There are three areas that the Czech Republic will have to address. Firstly, there is a large portion of digital agenda consisting of Digital Service Act and Digital Market Act. Both bills will influence the future quality of European Digital Single Market, something being expected to grow by 14,1 % in 2020³. There is no wonder that this sector is of a great interest in the Czech Republic. The country is an absolute European frontrunner in e-commerce, and probably the only member state having viable domestic competition to Google and Amazon⁴. Should the two digital acts be enacted, the Czech e-commerce and IT sector might profit from stricter

³ <https://digital-strategy.ec.europa.eu/en/library/final-results-european-data-market-study-measuring-size-and-trends-eu-data-economy>

⁴ Seznam.cz is a good example – today it has around 15% market share in search services. The company however offers a large

variety of well localized content such as Mapy.cz, Sbazar.cz, which Google is not able to provide.

Alza.cz is an absolute Czech leader in e-commerce reaching 30 billion CZK in sales. Amazon is not present on the market, only indirectly through German e-shop.



regulations aimed at break the monopolies of digital giants.

Environmental legislation will be a second large batch of agenda that the Czech presidency will have to tackle. In July 2021, the European Commission introduced its new legislative package Fit for 55. It is very likely that negotiations the strategy will slip to Czech Presidency. In this respect, it is an irony that the Czech Republic will lead negotiations of Euro 7 emission standard that might ban ICE cars for good, considering the Czech attitudes towards decarbonization of transport and its reliance on automotive industry. In any case, it would be extremely risky to ignore the Fit for 55 package. The environmental agenda will not disappear and on the contrary only gain more and more traction, and the Czech Republic should take a constructive stance and try to adjust the final compromise according to its needs. The broker's position during the presidency gives the country a perfect opportunity to prove its negotiation qualities.

Finally, there is the New Pact on Migration and Asylum that the European Commission published in September 2020. The package, or at least its parts of it, will slip to 2022. The Czech Republic has been known for its extreme position on migration, closely cooperating with the Hungary and other V4 states. The current Commission's proposal is a good compromise, and it would not be beneficial for the Czech presidency to block or slow down the negotiations. There is always the question of political reality – should the current government continue after the autumn elections, there might be a push for obstruction.

Recommendations

Regardless of the outcome of the autumn general elections, there are several recommendations that Czech policy makers, politicians, and public service should consider. First and foremost, Czech politicians must start engaging in presidency preparations. The public administration needs political guidance, otherwise it will not be able to implement Czech priorities during the presidency. Simultaneously, all the opposition political parties with government ambitions should introduce their

ideas and actively work on their priorities. These should be communicated not only to the incumbent cabinet, but also the Czech public administration. Once a new government is built, it will be easier for the public servants to proceed with their work.

Political level

With regard to the political level, the dialogue between the opposition and the government is crucial. The political elite must agree on a joint position so that the effect of the autumn general elections is minimalized.

The politicians can choose from a wide variety of topics, be it foreign policy-oriented Eastern Partnership and the accession process, or more intra-EU focused single market agenda. Based on the previous Czech positions in the EU, the Czech Republic should opt for the latter. Although there is no liberalization agenda scheduled for legislation process, many other bills directly impact the functioning of the single market. The new passenger car emission standards as well as both digital market and services act are a good example.

Another issue to cover pertaining to the single market will be the resilience and strategic autonomy in the EU commercial and economic policy. Czech politicians might try mitigate the competing narratives to a more open and liberal approach. As of now, the Union is under the strong influence from the COVID-19 pandemic, and many states push for less free trade in favor of stronger autonomy and own resources. This is not in accordance with the Czech approach, and a thorough discussion should be held at the EU level during the Czech Presidency.

Trio level

As mentioned in the text above, the trio programme is rather a plan of future work than a cohesive plan tying countries' priorities together. The document is very broadly written, and usually does not contain any concrete proposals. In this sense, the Czech Republic should not have problems to adjust the final text according to its needs. All three countries have to agree on one version, and the more dispute there is, the more general those conflicting topics are written.



In general, Czech negotiators should focus on mitigating protectionist tendencies in the French politics. They might encounter problems especially in the commercial policy domain, where French would like to use EU's strength in pursuing their political goals, even if it means restricting free trade. The goal should not be to overrule French, but rather adjust wording so that the subsequent policy discussion can go in both free trade and protectionist way.

Otherwise, there are not any significant disputes that could hamper the final agreement over the trio's programme. Each state had its opportunity to influence the wording, and all areas were communicated on the expert level.

Public service level

The Czech Republic will have only limited space to maneuver at the public service level, as an absolute majority of dossiers will be pre-determined by the ongoing legislative process. Simultaneously, it is difficult to predict which concrete bill will be in the pipeline.

Nevertheless, the Czech Republic should choose at least three legislative proposals which it will prioritize and strive to move through the legislative process.

Firstly, Czech negotiators should be interested in the two flagship digital files – DSA/DMA⁵. The topic is highly relevant for the Czech long-term EU policy priorities, as well as it will determine the features of the European Single Digital Market in the upcoming years. It is of an utmost interest that the legislation is swiftly passed.

Secondly, Czechs should focus on environmental legislation published in the Fit for 55 package. The countries' automotive industry is essential for the Czech economic success and clear and implementable regulation should be key to the Czech presidency effort. A special stress should be put on the new emission standard for personal vehicles EURO 7.

Finally, Czech policy makers should focus on the New Pact on Migration and Asylum. The European Union needs a common framework that would prevent the repetition of 2015/16 situation. Simultaneously, the Commission's proposal is a way forward and a bit more moderate Czech government might be willing to compromise. There will not be a better opportunity in the upcoming years as the European discourse has moved since 2016 towards the Czech position. It is time to utilize it and support joint European solution.

⁵ Digital Service Act and Digital Market Act



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