



AGENDA FOR CZECH FOREIGN POLICY 2013

— Ed. —

Vít Dostál
Jakub Eberle
Tomáš Karásek



Asociace
pro mezinárodní
otázky
Association
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Affairs

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LIST OF ABBREVIATIONS

CJEU - Court of Justice of the European Union
CZ V4 PRES - Czech Presidency of the Visegrad Group
EBA - European Banking Authority
EDA - European Defence Agency
EED - European Endowment for Democracy
ES - Export strategy of the Czech Republic
ECJ - European Court of Justice
ESM - European Stability Mechanism
FC - Fiscal Compact
MoD - Ministry of Defence
MoIT - Ministry of Industry and Trade
IETF - International Engineering Trade Fair
MoI - Ministry of the Interior
IVF - International Visegrad Fund
MoFA - Ministry of Foreign Affairs
NSPA - NATO Support Agency
ODS - Civic Democratic Party
PL V4 PRES - Polish Presidency of the Visegrad Group
V4 - Visegrad Group
V4EaP - Visegrad 4 Eastern Partnership Program
MFF - Multiannual Financial Framework
EaP - Eastern Partnership

FOREWORD

Dear Readers,

This is the seventh time the Association for International Affairs is offering its assessment of Czech foreign policy in the past year and issuing recommendations for the upcoming twelve months. The publication is not all-encompassing, and is focused on particular functional and regional aspects that we consider a priority for Czech foreign policy, its interests and values.

Last year's Agenda came up with the innovation of grading various aspects of Czech diplomacy. In an attempt to offer as fitting an evaluation as possible, this year we added an introductory analytical chapter with ratings divided by key category. We have, at the same time, assigned certain, selected topics the status of a strategic or significant priority so as to better differentiate them by relative importance. A complete description of our rating procedure is found on the next page.

We have also adjusted the structure of the Agenda in accordance with the perceived priorities, meaning this edition includes a new section dedicated to bilateral relations with strategic partners and an assessment of Czech foreign policy in the area of economic diplomacy.

Furthermore, we have revamped our set of recommendations. Whereas such recommendations were included in individual chapters of previous editions of the Agenda, this year we summarised our recommendations on key aspects of Czech foreign policy for 2013 in a separate set of ten points, which obviously draws on the analysis of the period that has just ended.

We believe you will find the new-look Agenda interesting and useful. We look forward to your reactions, which are an important stimulus for us in making further innovations. Enjoy your reading.

EDITORS

GRADING METHODOLOGY

We utilized the traditional grading system used in Czech schools, scoring criteria on a scale of 1 to 5 (with 1 being the best, 5 the worst). There were two sections involved in this process:

1. The introductory chapter concentrates on the following indicators:
 - a. **POLITICAL ENGAGEMENT** expresses the willingness of political elites to involve themselves in the issues of foreign policy, to appreciate their importance, to advocate a resolution and not to hold them hostage to unrelated political disputes.
 - b. **INSTITUTIONAL COHESION** indicates the coherence of promoting foreign-policy interests among individual institutions (the President, the government) and central authorities (MoFA, MoIT, MoD, MoI, Office of the Government).
 - c. **STRATEGIC VISION** is the capacity for a longer-term outlook, the overlap with purely tactical steps and, last but not least, the willingness and boldness to formulate priorities and to efficiently structure foreign policy according to these priorities.
 - d. **PROACTIVE APPROACH** indicates an effort to overcome reactive thinking in foreign policy and to consciously influence the international environment, mainly partner states, through our own policy initiatives.
 - e. **INTERNATIONAL RELEVANCE** is a category which expresses how strongly Czech politicians and diplomats resonate within the dominant trends moving through international relations, including European policy.

2. Individual thematic and regional spheres of Czech foreign policy, which are rated in the relevant chapters themselves. Here we looked at three indicators:
 - a. **ACTIVITY** (40 % of the grade) is defined as the frequency and scope of particular steps (beginning with acts of rhetoric and ending with signing agreements, dispatching units, etc.) and their effectiveness from the perspective of the functioning of Czech foreign policy. A rating of “*excellent*” is given to active policy characterised by unforced initiative; “*commendable*” is the rating used for active policy in response to international events; “*good*” is the rating used for limited, predominantly reactive steps with no

independent initiative; “*satisfactory*” is used for a predominantly passive stance and limited activity; and “*unsatisfactory*” indicates an entirely passive stance by the Czech Republic without any activity at all.

- b. DETERMINATION (40 %) is the “seriousness of intent” that accompanies certain foreign policy (i.e. whether it was part of plans implemented over the long term, whether it was consistent with previous steps and whether sufficient human and financial resources were allocated to implementation). “*Excellent*” is the rating given to strategic action drawing fully on long-term plans and supported by sufficient resources; “*commendable*” is the rating used for activity drawing partly on long-term plans and supported by limited resources; “*good*” is used for tactical responses that took existing strategic plans and a resource framework into consideration, at least in part; “*satisfactory*” is the rating used for tactical responses without any long-term coherence and very limited resources; and “*unsatisfactory*” is used for chaotic action without any resources at all.
- c. THE IMPACT (20 %), meaning whether the declared intentions led to the desired results (i.e. if an agreement was signed, a political prisoner released, a source of energy secured). We ascribe a mark of “*excellent*” when all declared aims were achieved; “*commendable*” is used when most of the declared aims were achieved; “*good*” is used when a limited number of declared aims were *achieved*; “*satisfactory*” was used when only a few of the declared aims were achieved; and “*unsatisfactory*” was for situations in which none of the declared aims were achieved.

We also differentiated individual areas according to their importance to the Czech Republic. We chose a number of strategic priorities, marked with three asterisks (***) in the text, and several other significant priorities, marked with two asterisks (**). Other topics are given one asterisk (*).

We then reached the final grade shown on the cover of the book in the following way:

- 30 % is the rating of sectional indicators in the opening chapter;



- 70 % is the weighted average of the ratings of individual areas. Each component was calculated according to the priority of the subject-matter at hand – for example, the calculation for a “***” topic was weighted at three-times that of a “*” topic.

**INTRODUCTION:
STAGNATION IN 2012
CZECH FOREIGN POLICY**

A look at Czech foreign policy in 2012 leads to the simple conclusion that it was a quieter, and therefore less significant, time. It is clear that the Czech Republic was not faced with any major questions, like the building of a radar base or the ratification of the Lisbon Treaty. A certain calm is perfectly logical after the preparation of new versions of fundamental documents in 2010 and 2011 (The Security Strategy and Foreign Policy Concept, respectively). On the other side of the coin, however, there is no denying the fact that this “lull in foreign-policy” was caused in large part by a lack of clear strategic vision and strong political leadership. The Czech Republic therefore often came across as an entity wrapped up in itself, and as a country that had no real interest in involving itself with events going on around it.

The Czech Republic undoubtedly faces challenges that arise more from developments in domestic rather than foreign policy. Nonetheless, this offers no justification for key actors to simply give up on the formulation of a Czech position on contemporary global problems. The highest political echelons in the country lacked a sufficiently loud, consistent and clear voice on issues like the continued development of European integration and the position of the Czech Republic in the European Union, the growth of authoritarian tendencies in Russia, the orientation of security policy after withdrawing from Afghanistan in 2014, the conflict in Syria, the significantly more critical stance of the United States and EU towards Israeli policy or the fight against climate change. In all cases these are subject-matters on which the Czech Republic has something to offer and by which the country is directly affected.

The absence of political leadership was an even greater problem given that the Czech Foreign Policy Concept from 2011 reduced issues to their lowest common denominator and failed to push interests and values in an unambiguous direction. The insufficient amount of strategic planning was merely confirmed by the fact that the government has yet to submit a conceptual document on European policy, something it undertook to do in its programme declaration. The shape of the Czech Republic Defence Strategy is also problematic; because of its rushed preparation, when the deadline was moved at the last minute and the team of writers dramatically reduced, this is likely the biggest missed opportunity.

The year 2012 saw the Czech political scene’s long-term underestimation of international context serve to intensify an unfortunate trend in which internal political and party-related conflict spills into foreign policy and the image of the Czech Republic abroad. Perhaps most typical of this tendency was a speech given by Prime Minister Petr Nečas at the Engineering Trade Fair in Brno, in which he condemned support for the

convicted members of Russian band Pussy Riot and the Tibetan Dalai Lama in the vein of “fashionable political speeches”. The Prime Minister is certainly entitled to cast doubt on the premises of Czech foreign policy and its particular expressions, though one can imagine a more appropriate forum for the presentation of such criticism. It ensues from the political context that his speech was not a seriously-intentioned attempt to spark debate on foreign policy priorities, but a tactical move in response to his shaky position within the ODS.

There was also little success in overcoming the existence of a number of uncoordinated and non-intersecting lines of foreign policy – quite the opposite, in fact. The evident conflict of the stances adopted at Czernin, the Castle and the Straka Academy was the prevailing trend in questions of European integration and can also be seen in reactions to the latest developments in the Arab world, including the civil war in Syria, in Russia and in Serbo-Kosovan relations. The government, which should be the flag-bearer of foreign policy, was torn between the ODS and TOP 09 on key questions. The outgoing President, who in the wording of the Constitution is the executor of government policy and a representative of national interests, used foreign policy as a megaphone for his own, private opinions, opinions that were often directly at odds with government opinions and the stance of the MoFA. Insufficient coordination or even institutionalised rivalry at ministries and other central authorities revealed conflicts at the highest political levels. Examples of this are the repeatedly referred to, but remain unresolved, and include a rivalry between the MoFA and the MoIT on economic diplomacy and lapses in communication at the MoFA and the MoI in awarding political asylum to Ukrainian citizens.

This is about much more than losing the ability to project the interests of the state and its people in a uniform amidst party-led and bureaucratic games. These games are not primarily aimed at foreign actors, but nevertheless – or perhaps because of this – they could have serious impacts on the credibility of the country among other members of the international community. Doubts over the fundamental position of the protection of human rights merely serve to confirm to Russia or China their belief that this dimension of Czech foreign policy is merely a cover for other interests. The dual track of economic diplomacy cannot bring the desired results in the shape of increased support for Czech exporters and investors in countries where state assistance is essential. Transformational cooperation programmes will not bring the desired result if the Czech Republic simultaneously makes it clear to the citizens of Ukraine and Belarus, through our visa policy, that we do not want them

here, even as visitors. Leaving aside the stance of the President, who is entirely outside any sound integrational discourse, we will hardly be taken seriously by partners if Czech politicians are unable to agree to the creation of a permanent, working mechanism for coordinating European affairs. It is not only a matter of these problems going unresolved, but of a complete lack of serious discussion about them at a political level.

The above-mentioned political and institutional disputes simply underline that Czech foreign policy is, on important issues, inconsistent, reactive and lacking in strategic dimension. In spite of all the documents adopted, there is really nothing to identify as a Czech grand strategy. The priorities of foreign policy are unclear because there is a failure to differentiate the essential from the less important. In other words, long-term strategic balance and political boldness are not apparent in Czech foreign policy at this time. This results in overly cautious stances, which fail to lead to any clear, visible, international initiative based on a firm domestic consensus, and manifests itself only in the occasional pouting on European issues. Even in a situation in which the Czech Republic is not under threat from any great external or internal danger and is able to draw on a generally favourable international context, political representation is unable to come up with a vision for using these advantages creatively.

In contrast, it must be said that Czech foreign policy is successful on subject-matters where there is broad agreement, to which diplomacy and state administration adopt an active approach and which benefit from long-term political support. The best results can be found in policy related to our neighbours, within both multilateral and bilateral dynamics. The second semester of the Czech Presidency of the Visegrad Group arrived in the first half of 2012. The Czech Republic was successful in achieving progress on all dimensions of cooperation that were identified as priorities. Joint efforts meant that the Visegrad Group influenced discussions about European Union cohesion policy in the course of the forthcoming Multiannual Financial Framework, launched other projects for the countries of the Western Balkans and the Eastern Partnership and agreed on closer cooperation in defence and security matters.

The foreign policy concept identified two of the Czech Republic's neighbours, Germany and Poland, as strategic partners. In both cases it can be seen that Czech diplomacy is working to make sure that these relations are of a high quality, although the aforementioned absence of vision and courage generally prevents more intensive cooperation on the key issue of the day – the future of the European Union. Geographical proximity and the growing interconnection of Central Europe bring the need to solve problems arising from the intense relations which

appear almost daily and in various sectors (for example energy, consumer protection, environmental conservation etc.). Apart from the considerable intensity of political contact, it is important in these cases to stabilise relations state administrations have at various levels. The positive, open and active approach the Czech Republic has to issues like anti-drug policy, border controls and consumer protection against harmful food products contributes to cultivating relations with neighbours. An atmosphere of trust is fundamental because negative consequences that ensue from the absence of such trust fast affect individual citizens.

Visible efforts were also made in 2012 to make the foreign service more rational and improve its quality. Experienced, able people were appointed to key ambassadorial posts. Martin Povejšil became ambassador to the EU and Jiří Šedivý took up the post of ambassador to NATO. Moreover, the MoFA resisted the considerable efforts of the Castle to put president-backed candidates in ambassadorial positions. Although the terms of several ambassadors in certain important countries (Russia, Austria) ended in 2012 and were not immediately replaced, this cannot be seen as any failure on the part of Czernin Palace. In contrast, the President was at fault for trying to encroach on the personnel affairs of the MoFA in a way that outstrips his mandate.

The decision of the government to continue in rationalising of foreign representation in 2013 should also be viewed favourably. After several waves of simply closing embassies, new offices look ready for opening. What is more, the MoFA has promised a low-budget format for the representation of Czech interests. Together with plans to share space with other countries, which has also been the case for Czech representation in Armenia since 2012, this is a trend that is in line with proper diplomacy in the 21st century.

The MoFA has also been a part of trends that prioritise greater openness and transparency in how public institutions are run and must be commended for a whole range of steps in this area. It is now perfectly simple, for example, to find information on public contracts or budget expenses on the MoFA website. Moreover, the Ministry again began publishing the Czech Republic Foreign Policy bulletin at the end of 2011 and consultations between the Ministry and experts from the wider public was conducted at various levels. However, in this regard we should point out that there are major differences between the functioning of individual departments and in some cases there is still the conviction that formulating and representing the interests of the Czech Republic is a matter for a tiny elite of experts. We should realise within the context of the 21st century that foreign policy is also policy and should therefore

be open as much as possible to input from experts and the general public. In many cases, the information flow in 2012 was sporadic and dialogue was selective.

In summary, then, Czech foreign policy in 2012 was a combination of prevailing political indolence and more-or-less professional operation at an official level. Unfortunately, the institutional, programmatic and procedural potential remains unfulfilled. The path towards change undoubtedly leads through restoring consensus and interest among political elites. The year 2013 could bring interesting stimuli in this regard given the entirely new atmosphere following the first direct presidential elections, and with the President traditionally occupying an important role in foreign policy. The question of how the performance of Miloš Zeman differs from that of Václav Klaus is one of the great unknowns of 2013. A President with a newly-conceived mandate could play a positive role in maintaining the political stability that is essential to effective foreign policy. Experience to date means that there is reason to hope that the input of the new President is more positive than the frequently obstinate and less-than-constructive action of his predecessor.

Rating

POLITICAL ENGAGEMENT	4
INSTITUTIONAL COHESION	4
STRATEGIC VISION	3
PROACTIVE APPROACH	3
INTERNATIONAL RELEVANCE	4

**THE CZECH REPUBLIC
IN THE EUROPEAN UNION**

POSITION ON FURTHER INTEGRATION

The continuing economic problems in certain countries led to a partial deepening of European integration in 2012 and offers far-reaching contemplation of the future of the EU. The Czech Republic, however, took no active part in these projects or discussions.

The wording of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (the so-called Fiscal Compact) was finalised at the turn of 2011 and 2012. The Czech Republic did not sign up to the FC, although it did support practically identical provisions in November 2011 as part of what was known as the “six-pack” – a set of secondary legal instruments with the same objectives. Arguing that the treaty was insufficiently strong and having legal reservations looked quite absurd given that all other countries of the EU (except the United Kingdom) signed on to the agreement. The Czech government, which supports fiscal stability and does so at a European level, for example in negotiations about the Multiannual Financial Framework, refused to sign up to an instrument that should help ensure this stability at a European level.

The nature of the argument indicates that the Prime Minister was pressured on this issue by the negative stance of the ODS and the President toward any deepening of integration and, implicitly, by the fear of losing his position in the party. The position that was pushed through, mainly thanks to an alliance with the Věci veřejné party, which is indifferent on European issues, was criticised by TOP 09. Minister of Foreign Affairs and Chairman of TOP 09 Karel Schwarzenberg, however, did little more than threaten to leave the government if the Czech Republic left the main flow of integration, without going into the specifics of his warning.

Although the direct consequence from the reluctance to participate in the FC are difficult to discern right away, the position of the Czech Republic in the EU was certainly affected. As was the case in the fall of the government in the middle of the Czech Presidency and procrastination over the signing of the Lisbon Treaty, Czech political representation made it clear that European policy is a marginal issue to be used as a hostage in domestic, inter-party quarrels.

The Czech Republic is on the periphery of debate surrounding further political integration of the EU, the need for which is spoken of by a number of representatives of other Member States and Union institutions. President of the European Commission Barroso, in his September State of the Union Address, and Herman Van Rompuy, in his report “Towards a Genuine Economic and Monetary Union”, published in June and in

December, hinted at the possible vision for future evolution of the EU, commenting on current economic and monetary issues and the political legitimacy of the Union. The Group for the Future of Europe that was initiated in the spring by German Minister of Foreign Affairs Westerwelle also presented a number of suggestions. The Czech Minister of Foreign Affairs was not invited to participate in this group or refused to do so.

The above-mentioned proposals went entirely unnoticed in Czech politics, neither by government representatives who do not wish for any deepening of EU integration, if previous statements are to be believed, nor by representatives of government and opposition political parties that support further EU integration.

Rating

ACTIVITY	5
DETERMINATION	5
IMPACT	4
FINAL MARK	5+

RATIFICATION OF THE AMENDMENT TO ARTICLE 136 OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION —
*

Member States decided in 2011 to amend Article 136 of the Treaty on the Functioning of the EU in order to secure the legal and legitimate functioning of the European Stability Mechanism (ESM), standing as it did outwith the framework of primary law. The ratification process got underway after the publication of a government statement, according to which the amendment at issue does not lead to the transfer of any authority at a European level.

Approval of the amendment, however, was met with obstruction. It only narrowly made it through the Senate in April (39 senators voted in favour, with a quorum of 38) and, after suspended voting, the Chamber of Deputies in June (140 in favour, quorum of 120). In spite of the approval of the government and parliament, the President refused to sign the amendment, expressing his position in a reaction to the call from the Senate to move ahead with ratification. The Czech Republic is the only country not to have ratified the amendment to Article 136. What is more, in refusing to sign the amendment President Klaus said that he did not agree with the ESM, which Article 136 does not legally affect. It is a disputable constitutional question whether the President is even able to refuse to sign an international agreement ratified by parliament.

Only a few opposition senators and deputies responded with outrage to the President's stance, while the government took no steps and none of the deputies or senators referred this matter to the Constitutional Court, which could have clarified the relationship of the President to the ratification of international agreements once and for all.

Czech procrastination and subsequent rejection of an amendment of primary law did not actually have any influence on the ESM coming into operation. The Court of Justice of the European Union ruled at the end of November that even without this amendment the ESM Agreement was not in conflict with primary law and that Member States were entitled to sign and ratify it. Nonetheless, the Czech Republic caused uncertainly at the EU level for some time, putting itself in the position of a destructive and malevolent partner, something it could end up suffering for later. The unanswered question remains how the President would have acted had the Court of Justice of the European Union decided otherwise. Even though he put off the signing for several months, he only took his unambiguous stance that he would not sign the amendment to the Treaty on the Functioning of the EU after the CJEU decision.

Rating

ACTIVITY	④
DETERMINATION	⑤
IMPACTS	⑤
FINAL MARK	⑤+

NEGOTIATION OF THE EU MULTIANNUAL FINANCIAL FRAMEWORK



Discussion of the EU Multiannual Financial Framework (MFF) for 2014 to 2020 continued throughout 2012. The Czech Republic continued pushing for the priorities set out in a 2011 government position, according to which the main aim was to maintain a robust cohesion policy whilst squeezing the total volume of the EU budget below 1 % of EU GNP.

The Czech Republic took an active part in the work of the Friends of Cohesion group. As part of its Presidency of the Visegrad Group (CZ V4 PRES), it proceeded with debate that primarily focused on the technicalities of cohesion policy. Common priorities were subsequently reflected in the compromise proposals of the Danish EU Presidency.

On the other hand, the Czech Republic contributed towards weakening the very cohesion of the pro-cohesion coalition when at the start of the year it became a fully-fledged member of a group in favour of an economical MFF (it was an observer here from autumn 2011). This move may have led to doubts over the clarity of the Czech position and weakened the continuity of activity carried out as part of the CZ V4 PRES and the Friends of Cohesion. Moreover, government representatives were highly ambivalent over the MFF and cohesion policy itself, as evidenced by statements made by the Prime Minister in public debate with the German Chancellor in April, when he termed European funds "sweet poison" that teach public budgets to "live above their means". This statement only served to uncover the problematic relationship the ODS has with the structural funds that form the core of cohesion policy, as well as European and redistribution policy, which are also losing public trust as a result of problems associated with drawing on European resources.

Rating

ACTIVITY	③
DETERMINATION	②
IMPACTS	③
FINAL MARK	③+

CREATING THE PROPOSED BANKING UNION



Efforts to achieve greater integration of the European banking sector were accelerated, especially in the second half of 2012, as part of a search for long-term solutions to prevent a repeat of the banking crisis that led to larger economic trouble. The proposals formulated before June's European Council, including the introduction of common banking supervision and the creation of funds for recapitalising banks, were strongly criticised by the Czech Republic. The Prime Minister, in fact, threatened a veto. The main criticisms were directed at the centralisation of supervision of all European banks, the dominance of countries in the Eurozone in voting at the European Banking Authority (EBA) and the fear that foreign owned banks would channel funds away from subsidiaries, a situation which predominates in the Czech banking market.

Even though the Czech Republic will remain separate from common banking supervision for now, Czech fears had to be dispelled at the

December session of the European Council and the threat of a veto was eliminated. The Czech Republic contributed towards a compromise solution by proposing an adjustment to voting at the EBA, as European supervision was limited to “system” banks amid pressure from Germany. The Czech Republic also received additional guarantees relating to the possible large costs associated with participation in banking supervision and will be able to step out the agreement at any time.

The cautious Czech approach reflects a high opinion of the country's own banking supervision, the good condition of Czech banks and a certain distance from events in the Eurozone. The question is whether it is diplomatically a good idea to threaten to veto the whole project just after proposals have been put forward.

Rating

ACTIVITY	②
DETERMINATION	②
IMPACT	③
FINAL MARK	②

COORDINATION OF EUROPEAN POLICY



Even though the system involving two different secretaries of state for European affairs stabilised after more than a year in operation and both are trying to present good relations and a uniformity of stances in the public arena, the coordination of European policy still lacks a coherent concept and is often chaotic.

This fact was most obvious in the important European questions described in this chapter. Individual ministries and other state institutions often prepare analyses separately, without bilateral coordination, even on issues which go beyond the remit of a single authority. The result is that there are two or more mutually opposing analyses on one issue and the conclusions are not harmonised under a single position (as in the case of the Fiscal Compact, when both the Office of the Government and MoFA compiled analyses). The lack of uniformity has also on occasion made its way into the public utterances of leading officials, as was the case in the publicly-aired dispute between the Prime Minister and the Minister of Foreign Affairs regarding the Fiscal Compact or the less-severe, but similarly clear conflict in light of neither the President nor the Prime Minister attending the presentation of the Nobel Peace Prize.

Coordination of European matters has deteriorated in the Czech Republic. Although certain stable elements exist (the Committee for the EU and the Committee for the EU at a working level), these are not used systematically or for debate on fundamental issues. In the situation in which political parties with fundamentally different opinions on European integration come together in government, it is seen that the coordination of European affairs is not helpful or fundamental as politically more-sensitive questions remain elsewhere, something which disables the creation of stable and clear European policy. The shift of power between the Office of the Government and the MoFA and the struggle between them does not allow for stabilisation or the effective use of human resources in this area.

The inability to find a set model also disabled the government from presenting a Concept for the Role of the Czech Republic in the EU, which it undertook to compile in its programme declaration.

Rating

ACTIVITY	3
DETERMINATION	5
IMPACT	4
FINAL MARK	4+

**VISEGRAD COOPERATION
AND CZECH FOREIGN
POLICY**

THE VISEGRAD GROUP



The second part of the Czech Presidency of the Visegrad Group (CZ V4 PRES) arrived in the first half of 2012 and we consider this to have been successful. There were relevant advances in all priority areas (energy, the future of the cohesion policy, strengthening relations with the countries of the “Eastern Partnership” (EaP) and the Western Balkans, cooperation on military matters and defence). The main component as it applies to the countries of the EaP and the Western Balkans is the International Visegrad Fund (IVF), which we give special examination.

Differences in interests among Visegrad countries became apparent during debate surrounding the EU Multiannual Financial Framework. There was, nonetheless, elementary agreement on a position regarding the principles of setting cohesion policy during the forthcoming programme period, presented to the European Commission and the Danish EU Presidency, which was included in compromise proposals. The Czech Presidency was successful in terms of coordination of Union matters in a number of areas, particularly in energy, transport and defence, where the decision was taken to create the Visegrad Battlegroup by the first half of 2016.

It is clear from the activities of the successive Polish Presidency (PL V4 PRES) that it structures its priorities differently, although it did show interest in all the areas stressed by the CZ V4 PRES. The Czech Republic has therefore mainly continued its efforts to develop contacts with the Western Balkans. There were no meetings of prime ministers during the first half of the PL V4 PRES, meetings that in recent years have always at least been used coordinate before the sitting of the European Council, nor were there any additional significant activities involving Union matters. December’s summit of prime ministers was cancelled because the Slovak, Polish and Hungarian prime ministers all attended the awarding of the Nobel Peace Prize to the European Union. Perhaps had Prime Minister Petr Nečas adopted a more positive stance on this event, the meeting could have taken place in Oslo at either end of the ceremony.

Rating

ACTIVITY	①
DETERMINATION	②
IMPACT	②
FINAL MARK	②+

INTERNATIONAL VISEGRAD FUND



In spite of the economic problems experienced by the participating countries, the International Visegrad Fund (IVF) continues to develop, as evidenced by the increasing value of its capital. Activity at the IVF intensified in 2012 mainly in relation to the countries of the Eastern Partnership (EaP) and the Western Balkans, which was also a priority of the Czech Presidency of the Visegrad Group.

The V4EaP program in support of projects in the countries of the EaP was launched in the spring. Confirmed interest in “minor work” in these countries through a specific programme is an important signal at a time when transformation processes are at a standstill in the countries of the EaP and a number of EU Member States are growing impatient. Of considerable benefit is the involvement of outside donors (the Netherlands and the United States of America) and decisions on the determination of IVF trustees in all countries of the EaP. This concept had already proved a success in Ukraine, where the position has been occupied by an employee of the Czech Foreign Service since 2010.

No Visegrad centre was created in the Crimea, even in 2012. After resolving disagreements that centred on the location of the contact point, the local government is now displaying an unwillingness and lack of understanding.

Although efforts to transfer experience of the IVF to the Western Balkans are commendable, the none-too-enthusiastic initial response of the target countries shows that the project will require a long-term, concentrated effort to bear fruit. In this context we can positively assess the heightened activity of Czech diplomacy and the establishment of EaP+Western Balkans Grants, which could improve the visibility of the IVF in the region.

Rating:

ACTIVITY	①
DETERMINATION	①
IMPACT	②
FINAL MARK	①

KEY BILATERAL RELATIONS

UNITED STATES OF AMERICA



Relations with the United States in 2012 were close, stable and from the Czech perspective more constructive than in previous years, when a resounding Atlanticist disenchantment with the policy of President Obama had prevailed. The embitterment of some Czech elites arising from America supposedly “abandoning Europe” was reignited in January with the (expected) announcement that two American army brigades were being withdrawn from the continent. Overall, however, a pragmatic approach dominated, as did an effort to concentrate on specific topics in sectors defined by the official rhetoric of the “three pillars” – security, economics and issues concerning shared values. One potential problem could be the narrowing of the common agenda into a single issue, the Temelín tender, which dominated the media picture and the statements of some political representatives.

The security dimension was dominated by the conflict in Syria, where the Czech Embassy assumed the diplomatic representation of the United States in August 2012. Cooperation also took on a military and political format, with the Czech Republic taking part in contingency planning for the possible use of chemical weapons and helping to train Jordanian specialists to this end. This example shows sensible concentration on an area where the Czech Republic has something to offer and where it can strengthen its relations with the United States and third countries simultaneously.

A bilateral “Reciprocal Procurement of Defense Equipment and Services Agreement” was signed in April 2012, which could contribute to improving the quality of acquisitions of the Czech Army through the participation of American companies and which could also open the way for companies in the Czech Republic to win military contracts in the United States. In this context, American interest in the expertise of LOM Prague in helicopters on the Mi platform is of considerable significance.

The most visible topic in economic relations was the open support of Westinghouse in the tender to complete the construction of the Temelín nuclear power plant, with cabinet members Hillary Clinton and Steven Chu adding to the long-term initiative of Ambassador Eisen during their visits. US representatives, however, made it perfectly clear that the interest did not primarily come from the administration, but from a private company.

Other activities include the Czech-US Civil Nuclear Cooperation Center in Prague, in which both countries have their own particular interests: the United States is linking it to the “Prague Agenda” and nonproliferation

efforts, whereas for the Czech Republic it is a source of political support for nuclear energy in the face of scepticism from certain European partners.

There was also cooperation in support of democracy, human rights and open government. Opportunities opened up for the Czech Republic in Burma and North Africa, where the United States actively uses the transformation experience and good reputation of the Czech Republic when planning further activities.

Rating

ACTIVITY	②
DETERMINATION	②
IMPACT	②
FINAL MARK	②

GERMANY

Czech-German cooperation was intensive and constructive in 2012 (the Czech Republic welcomed President Gauck, Chancellor Merkel and Foreign Minister Westerwelle). Even uneasy issues were dealt with within a culture of trust and friendly cooperation.

The future of the European Union and the single currency dominated contacts between administrations as well as Angela Merkel's April visit. Opinions differ on both sides of the border and there is no doubt that Germany would welcome the support of the Czech Republic in the Fiscal Compact and banking supervision or a clear Czech statement on the euro. On the other hand, Prague and Berlin were pragmatic in favouring the building of coalitions on topics of shared opinion, liked fiscal discipline and reservations towards major financial transfers or the commonalisation of risk within the EU. European questions did not, therefore, bring conflict. However, the Czech Republic has logically ceased to be a partner to Germany in resolving major issues, which was confirmed by Czech absence in what became known as the "Westerwelle Group" on the future of the EU.

There was ongoing cooperation in energy matters. Prime Minister Nečas and Minister Schwarzenberg were active in trying to calm media bluster over the completion of the Temelín nuclear power plant by making an accommodating gesture in the form of the public debates in Passau and Vienna, and stressing transparency as the governing principal of future activities. A considerable role was also played by the overloading of the

Czech energy network as a result of the overflow of energy from Germany. Although this is potentially a serious problem for the Czech Republic, the approach of both sides concentrated on finding solutions, mainly at the level of the operators of the systems in both countries; i.e. ČEPS and 50 Hertz.

Historical issues entered relations in the form of an accommodating gesture by new German President Gauck, who first wrote a compassionate letter regarding the 70th anniversary of the tragedy of Lidice, before then becoming the first German president to visit the site in-person in October. Gauck's surprising personal initiative met with a very positive reaction in the Czech Republic and could open the way for further moves beyond the Czech-German declaration. Nonetheless, only a few days later President Klaus, on a visit to Ležáky, unnecessarily used his speech to reiterate that the displacement of the Sudeten Germans was a "logical result" of wartime events. These issues were also unnecessarily instrumentalized in the final weeks of Miloš Zeman's presidential campaign.

The year 2012 was also significant at the level of relations with both neighbouring federal states, which the Czech Republic has long considered full de facto partners. Saxony's Prime Minister Tillich met with Prime Minister Nečas on two occasions and a Saxony contact office was opened in Prague. In terms of Bavaria, cross-border dialogue regarding police cooperation led to solutions over sensitive topics like excessive controls of Czech drivers and the trafficking of methamphetamines from the Czech Republic to Bavaria. There was also considerable success in including the Prague-Munich and Prague-Dresden railway corridors among the priorities of the T-ENT, trans-European transport network.

Rating

ACTIVITY	②
DETERMINATION	②
IMPACT	②
FINAL MARK	②

RUSSIA



Czech companies continued their successful penetration of Russian regions in 2012, supported by the diplomatic/business trips of Ministers Kuba and Bendl. In the meantime, Czech political representatives made efforts to come to terms with the increasingly authoritative government of

re-elected President Putin, albeit fruitlessly. The Czech position on growing authoritarian tendencies in Russia was not formulated consistently and this remains the biggest problem in relations with Russia.

Commercial/economic relations developed on the basis of the new Export Strategy of the Czech Republic and the Declaration of Partnership for Modernisation, which was signed by President Medvedev and President Klaus in Prague in December 2011. What is more, the Czech Republic tried to actively promote interest among Russian companies in the Czech market, for example by organising a Russian Business Day at the International Engineering Fair (IETF) in Brno. Russia's accession to the World Trade Organization (WTO) in August means that we can expect more commercial barriers to be removed in the long-term, new opportunities and a more transparent business environment for Czech investors. It would appear that for now the WTO is not a Russian priority because of its own Customs Union project and the introduction of anti-dumping measures. We can, however, expect that the situation will stabilise and that Czech exports to Russia will continue to grow.

One of the most important points of the dialogue between the EU and Russia remained that of visas, and Russia continues make a priority of pushing for their liberalisation as fast as possible. In November, uncertainty reigned among airline companies that provide services to Russia given that the authorities began threatening to introduce visas for the crews of civilian flights, as they had done in 2011. Airline staff travel with visas even now, just to be sure, something which limits the fluidity and cost of flight operation between the Czech Republic and Russia.

In autumn, a debate on values and economic interests in Czech foreign policy was brought on Prime Minister Nečas' speech at the IETF, in which he expressed his objections to, among other things, "pussy-riotism". Unfortunately, this discussion detracted attention from more significant events on the Russian political scene, including laws to restrict the right to demonstrate, repressive legislation in relation to civil organisations ("foreign agents"), laws prepared to regulate the Internet, slander or the ban on offending religious believers. These legislative changes have no direct impact on the Czech Republic or its exporters, but there are justified fears that if Russia continues on down the path it has embarked on, then government restrictions of rights will sooner or later affect the interests of Czech citizens and entrepreneurs active in Russia.

The term of office of Ambassador Petr Kolář came to an end on 1 January 2013. He held the position since 2010. Appointing his successor, in what is a priority country for Czech foreign policy, will be one of the first assignments of the new Czech president.

Rating:

ACTIVITY	②
DETERMINATION	③
IMPACT	② -
FINAL MARK	② -

POLAND

While there was no deterioration of relations in 2012 and no real improvement either, there is the potential for movement in a number of areas. The most significant shortcoming in Czech-Polish relations in 2012 can be seen as the lack of bilateral consultation among broader government delegations, something that happened in 2011 and received a positive reaction. The Czech-Polish agenda is so broad that it requires regular, cross-departmental meetings, a fact confirmed by the two main problems in relations in 2012 – the presence of gritting salt in foods imported from Poland and the methylalcohol affair in the Czech Republic. In both cases, complaints about poor communication from one side or the other were commonplace. After overcoming a certain initial mistrust, these events paradoxically contributed to the building of additional contacts in other relevant areas.

The issue of Unipetrol returned to the political arena in the second half of the year. Given the problems experienced with supplies via the Družba pipeline, the owner, PKN ORLEN, controlled by the Polish state, allegedly has to subsidise at-a-loss the operation of the Czech refining giant. A consideration to sell Unipetrol could obviously have serious consequences for safeguarding Czech energy supplies.

Close positions at multilateral forums was evident in pushing through a strong cohesion policy within the EU and in the preparations for the NATO summit in Chicago. In both cases, the Visegrad Group was the initial forum for communication. The differing approaches to the future of the European Union that are discernible from the actions of senior Czech and Polish representatives did not reflect particularly negatively in relations, although barbs aimed at the “servile” Polish position did appear in some material coming out of the Office of the Government (for example in explaining the prime minister’s position on the Fiscal Compact, in which reference was made to the flexible Polish line on the International Monetary Fund). Were the Czech Republic to send out more constructive signals in relation to current

Union processes and considerations of the future set-up of the EU, cooperation might be more significant.

There was almost no progress on the issue of so-called territorial debt. There were, however, small advances in the case of what is known as the Warsaw properties, i.e. the contentious ownership of diplomatic buildings confiscated after the Second World War. The focused work of the embassy in Warsaw is worthy of praise in this area.

Rating:

ACTIVITY	③
DETERMINATION	②
IMPACT	③
FINAL MARK	② -

**EASTERN EUROPE
AND THE BALKANS**

UKRAINE



Ukraine is an important partner to the Czech Republic, a destination for Czech transformation support and a key member of the Eastern Partnership. Unfortunately, the dual-track nature of Czech foreign policy was again apparent in relations with the country. The Ministry of Foreign Affairs was not consulted by the Ministry of the Interior before Oleksander Tymoshenko was granted asylum. This is particularly problematic in such a sensitive case, as evidenced from the earlier experience of granting asylum to Bohdan Danylyshyn and the retaliatory measures subsequently taken by Ukraine.

President Klaus refused to attend a summit of Central European presidents in protest of the imprisonment of Yulia Tymoshenko, a position supported by Prime Minister Nečas. However, Minister Schwarzenberg refused to view relations exclusively through the Tymoshenko story, which is the proper approach given other problems in modern-day Ukraine. The Czech Republic also tried to transfer this perspective to the EU level. In spite of the ambiguous EU response to the parliamentary elections of October, the Czech Republic contributed to the common position declared in December, in which the principle of "more for more" was stressed and clear conditions laid down for entering into an Association Agreement, including the Deep and Comprehensive Agreement on Free Trade in November 2013.

The Czech Republic does not fully comply with the so-called EU visa code in relation to third countries in its dealings with Ukraine, mainly on the issue of granting multi-entry visas and in the length of visas issued. A examination carried out by Europe Without Borders of visa policy did not turn out well and the issue of visas issued by travel agencies, a security risk given the mechanisms used, is another area in which the Czech Republic has much work to do.

Rating

ACTIVITY	②
DETERMINATION	②
IMPACT	③
FINAL MARK	② -

THE EASTERN PARTNERSHIP



The Czech Republic continued its support of the Eastern Partnership (EaP) in 2012 and its activity ranked it among the leading EU Member States in implementing this Union policy. At the same time, it devoted attention to the development of multilateral and bilateral relations with the six countries of the EaP. The consolidation of the European External Action Service, which began operating as the driving force behind political dialogue between the Commission, Member States and partner countries during the year, contributed to the strong results.

The most significant event at a multilateral level was the March meeting of ministers of foreign affairs from the countries of the V4, the EaP (with the exception of Belarus), the Baltic States and Denmark, as the presiding country of the Council of the EU, which included the participation of Senior Representative for Foreign Affairs and Security Policy Ashton and European Commissioner Füle in Prague. Discussion centred on launching the new V4EaP program of the International Visegrad Fund and regulations in the EaP road map under preparation, which the Commission presented in May and will be the guide for the EaP until the next summit in Vilnius in the autumn 2013. A meeting of the fourth working group (Contacts Between People) of the Eastern Partnership Civil Society Forum was also held at Czernin Palace, which confirmed the willingness of political actors to work with civil society.

The Czech Republic was one of the most active countries on a panel that focused on the public administration reform as part of the first thematic platform of the EaP – democracy, good governance and stability. Long-standing Czech support of reforms to local and regional self-government in the countries of the EaP was reflected in the organisation of seminars for officials and representatives of the civil sector from all partner countries at events held in Tbilisi in May and in Prague in November. The multilateral part of the EaP travel road map also explicitly counts on training being held at the Institute for Public Administration in Prague.

A Czech embassy was opened in Armenia in May, inside the building of the Polish Embassy. With this move the Czech Republic was able to expand its diplomatic representation into all countries of the EaP and express its intent to strengthen political and economic relations with EaP states.

Rating

ACTIVITY	①
DETERMINATION	①
IMPACT	②
FINAL MARK	①

INTEGRATION OF WESTERN BALKAN COUNTRIES

Multilateral support for the integration of the countries of the Western Balkans in Euro-Atlantic structures is the priority of Czech foreign policy relating to the region. The integration process, however, made only minor advances and remained well behind the original expectations (the launch of accession negotiations with Montenegro and opening high level accession dialogue with Macedonia and Bosnia and Herzegovina). Moreover, Member States did not award Albania candidate-state status at a December meeting of the European Council (in spite of the recommendation of the European Commission), did not invite Macedonia for negotiations and did not set a date to begin accession negotiations with Serbia. Thus, the Czech priority of fundamental and clear advancement in integration processes was not achieved.

In contrast, the fact that ratification of the Croatian entry agreement went ahead in the Czech Republic without any complications and with broad support in parliament was positive. More positive, however, was that the Czech Republic signed a number of bilateral agreements unrelated to economics, which could help Western Balkan states satisfy requirements of the integration process. Even amid a general growth of the Czech economic presence in the region, there was no success in resolving the complications between Albania and the energy company ČEZ, which is set to leave the market despite the direct intervention of Prime Minister Petr Nečas and members of the government.

Repeated statements President Václav Klaus that contradict the government and common EU positions on whether relations between Serbia and Kosovo need to be settled as one of the fundamental conditions of accession by the former were problematic.

Rating

ACTIVITY	①
DETERMINATION	②
IMPACT	③
FINAL MARK	②+

THE MIDDLE EAST

THE CONFLICT IN SYRIA



Not even the Czech stance on events in Syria was free of disputes among those involved in foreign policy. In his appearance at the UN General Assembly in September 2012, Václav Klaus called for the conflict to be left to local people and development aid. He criticised the use of special envoys, a priori condemned the possibility of international military intervention and stressed the importance of Czech humanitarian aid in Syria. In contrast to this, the MoFA supports international cooperation to stop the bloodshed and the political transformation of the country by unifying the Syrian opposition. It also explicitly emphasises the role of special UN and Arab League envoy Lakhdar Brahimi.

Nonetheless, there were three significant positive points of Czech foreign policy in relation to Syria: representing the interests of the United States, consultation and meetings related to the planned preparation of Jordanian anti-chemical units and on humanitarian aid, the amount of which is relatively low given the seriousness of the crisis. Still, Czech policy as a whole is unclear and lacks coordination. There is also a dilemma over the values of Czech foreign policy as they apply to the Middle East, which oscillate between support for the status quo in the interests of stability on the one hand and support for human rights and democracy on the other.

Rating

ACTIVITY	②
DETERMINATION	③
IMPACT	④
FINAL MARK	③

THE MIDDLE EAST PEACE PROCESS



As for the question of Israel and Palestine, two events occurred in the autumn of 2012 that will have an impact on the future development of the peace process. The first was November's crisis in Gaza, during which the Czech Republic, in common with the majority of Western countries, came down on the side of Israel in contending that Israel had a right to defend itself as the country under attack. This statement was fully in accord with the long-term Czech line.

The Czech Republic was also one of only nine countries, and the only country of the EU, to vote against elevating the status of Palestinian

territories to non-member state at the UN General Assembly. Czech politicians explained this move by saying that unilateral steps like this are a barrier to the peace process, a process whose successful conclusion requires direct negotiations between Israelis and Palestinians.

The Czech “no” is not exactly important from the perspective of the peace process, whereas the long-term, decidedly pro-Israel stance of Czech diplomacy is, as it prevents problematic decisions taken by the Israeli government to be explicitly mentioned in contrast to criticisms directed at the unilateral steps of the Palestinian government. The Czech government ignores comparable Israeli initiatives. One clear example is the absence of any reaction to the controversial decision to begin building additional settlements in the West Bank near to East Jerusalem, which Palestinians consider an integral part of a future independent Palestinian state.

The Czech Republic has clearly and consistently favoured unilateral, almost unreserved support of Israel ahead of any efforts to constructively influence relations with the Palestinians. As a result of this, it has practically zero effect on the peace process between the two sides.

Rating

ACTIVITY	3
DETERMINATION	3
IMPACT	3
FINAL MARK	3

ASIA

RELATIONS WITH CHINA: ECONOMIC AND POLITICAL DIMENSIONS



China is one of the priority countries of the Ministry of Industry and Trade's new Czech Export Strategy (the other Asian countries being Vietnam and India). The strategy warns that the Czech Republic is too focused on European markets and has a low level of service exports with high added value. According to the MoIT, the country therefore needs to concentrate on new markets, with China one of the largest and most prospective.

Senior state representatives have maintained this line. Indeed Prime Minister Nečas met his Chinese counterpart Wen Jiabao in Warsaw in April. The most significant event, however, was Minister for Regional Development Kamil Jankovský's visit to Shanghai and Peking in November. This, after all, was the first visit in many years that was preceded by an invitation from the Chinese government. Both sides spoke of the biggest obstacles to faster tourism development: the complicated process of getting visas for the Chinese and the absence of direct flights. There is no solution to either problem in sight. Cooperation with China is also supported by the Association of Regions of the Czech Republic and in particular by certain regions, including the Liberec and Karlovy Vary regions.

According to the latest CERGE-IDEA study economic cooperation with China does not differ greatly from that with other countries and the thus-far cool political relations have not played any major part. Far more important is the cultural and geographical distance of the market and the lack of experience and motivation among Czech companies. The fact that political support might help, but is not key to success, on the Chinese market is proven by the stories of now-successful companies like Linet or Lasvit and PPF for that matter. Although better political relations make it easier to enter the market, the most important factor is having a competitive product and qualified people. Abandoning value based foreign policy therefore would not significantly help Czech trade with China.

Rating

ACTIVITY	②
DETERMINATION	②
IMPACT	③
FINAL MARK	②

HUMAN RIGHTS IN ASIA



The sole priority country in Asia for Czech transformation work is Burma, where the ruling regime has initiated several political and economic reforms since 2011. These were symbolically supported by the crushing victory of the opposition, under the leadership of Aung San Suu Kyi, in supplementary elections on 1 April 2012. Minister Schwarzenberg visited Burma in July and met with Suu Kyi. One positive move was the opening of an EU office in Rangoon in April 2012, the office coming organisationally under EU representation in Bangkok. This opens up the possibility of a Czech Embassy in Rangoon and the MoFA is seriously considering such a move. This decision, however, should not be rushed, nor should any relaxation of sanctions against the regime. It was in this vein that Schwarzenberg expressed the opinion that EU sanctions should be lifted only at such time as reforms are seen as irreversible.

The past year was marked by a short, but intensive debate over the role of support for human rights and potential negative effects on Czech exports. Specific criticism was reserved for what was known as “Dalai Lama-ism”, meaning various forms of support for Tibet and the Tibetan spiritual leader. Although the words of Prime Minister Nečas were evidently meant for a domestic audience as well as those within his own party, a public speech by one of the key actors in Czech foreign policy is not so easy to brush off, especially if it is at odds with foreign policy priorities and threatens the international brand of Czech diplomacy built over many years. Moreover, just one week later the representative of the Czech Republic in the UN Council of Human Rights criticised the situation in China, specifically the situation in Tibet and Sintang, further underlining the disunity and ambivalence of the Czech position.

Rating

ACTIVITY	② -
DETERMINATION	② -
IMPACT	③ -
FINAL MARK	② -

**HUMAN RIGHTS AND
TRANSFORMATION POLICY**

HUMAN RIGHTS AND TRANSFORMATION POLICY

The Czech Republic attended (as a member) the 19th and 20th meeting of the UN Human Rights Council, where it appeared individually and as part of the group of EU states. The Czech delegation took part actively in debates surrounding traditional foreign-policy priorities in the sphere of human rights, Belarus and Cuba. The Czech Republic also made reference to infringements on human rights in Syria and China. Then, in September, it successfully passed a long-prepared survey of the condition of human rights within the country.

The Czech Republic also supported human rights at the civilian level. As part of the “One World” festival, Minister Schwarzenberg presented the Homo Homini Award of the People in Need organisation to a representative of humanitarian medical organisation Doctors Coordinate from Damascus. Czech Plenipotentiary for Human Rights Monika Šimůnková and European Commissioner Štefan Füle also met officially with Belarusian and Chinese activists. Minister Schwarzenberg adopted an unambiguous position on two human-rights-related topics in Eastern Europe: the process involving the band Pussy Riot and political asylum to the victims of political processes in Ukraine, evidenced by the granting of asylum to the husband of imprisoned former Prime Minister Tymoshenko.

Within Eastern Europe, Czech organisations are primarily involved in the transformation process in Belarus. The Czech Republic also supported the EU-Russia Civil Society Forum. Outside Eastern Europe, meanwhile, a long-term project in direct support of dissidents and their families in Cuba ended with success when many of the political prisoners were released. In the Middle East and North Africa, MoFA capacities were shifted in 2011 from an unstable Yemen to Tunisia and Egypt, which are marked as a priority country for 2012 and 2013. Czech non-governmental organisations are among a limited number of foreign actors active in the latter country in spite of the relatively uncertain political environment.

The Czech Republic continued to use its experience of transformation in 2012 to profile itself on the international stage, although this clearly has limits. Poland and Slovakia are involved in their own projects and have also joined the work of multilateral groupings, such as the EU-Tunisia Task Force or the inter-governmental Community of Democracies, through which they successfully used the recent Presidency of the EU and V4. The result is that Poland is highly visible, as is Slovakia in Tunisia. On the other hand, we need to praise the boldness of the MoFA in choosing the troublesome and unpredictable Egypt over the

well-arranged Tunisia. Democratisation has developed considerably in Tunisia, whereas Egypt is still waiting for a return on the efforts made.

It is with embarrassment that we discuss Czech involvement in the establishment of the European Endowment for Democracy (EED), which should move into full operation during 2013. The scepticism of the MoFA in relation to the creation of another instrument over and above existing mechanisms of European policy supporting human rights and democracy, and the unnecessary bureaucracy and financial burden associated with this is understandable. However, the Czech Republic, with its hesitant position, became detached from the group of states that jointly created the EED and that can still modify its final appearance. This resulted in no Czech representative being nominated to the board of EED as a representative of civil society, in contrast to the Slovaks who have Pavol Demeš. The Czech Republic, which has flagship projects dedicated to transformation cooperation carried out by non-governmental organisations, would surely have been able to come up with a similar candidate.

Rating

ACTIVITY	3
DETERMINATION	3
IMPACT	3
FINAL MARK	3

**SECURITY AND DEFENCE
POLICY**

NATO AND EU



The climax of political activity at NATO was May's summit in Chicago, even if the meeting produced nothing spectacular. The European Union began new civilian missions in Niger, South Sudan and the Horn of Africa during the year, providing assistance, but with limited personnel and no Czech involvement at all.

Czech soldiers continued their work as part of existing missions, of which the most important remains the ISAF operation in Afghanistan. Also considered a priority is the plan for Czech armed forces operating abroad in 2013 and 2014, something approved by parliament in June. Czech involvement in Afghanistan should continue, at least in the form of financial aid, even following the withdrawal of most units in 2014. The fact that the work of the Provincial Reconstruction Team in Logar is to come to an end at the beginning of 2013 means there is still the possibility of further involvement for Czech soldiers elsewhere. This could occur in the Sahel, where attention among European powers is gradually shifting.

The most significant Czech initiatives in alliance and Union structures in 2012 were projects involving helicopters. The summit in Chicago gave its blessing to the plan for a Multinational Aviation Training Center under Czech leadership, at the centre of which is the specialisation built over many years of training Mi helicopter crews and the export of this know-how to Afghanistan. The Czech Republic followed a similar path within the EU when it joined up to a helicopter training programme at the European Defence Agency (EDA). Both projects, the NATO and the EU, are conceived by the Ministry of Defence as being complementary.

In addition to NATO and EU projects, the Czech Republic was involved in the activities of the V4, with Visegrad ministers of defence confirming their commitment to prepare a joint battlegroup for the EU in 2016 in a declaration at Litoměřice. Minister of Defence Vondra also took steps to involve Germany in this plan. Indeed German Minister of Defence de Maizière responded positively to his proposal for Germany to provide its operation headquarters at Potsdam for the needs of the battlegroup. The possibility of closer integration of V4 activity with a German partner can generally be considered a step in the right direction.

Rating

ACTIVITY	①
DETERMINATION	①
IMPACT	②

FINAL MARK..... 2 -
PERSONNEL CHANGES IN DEFENCE


General personnel changes were made at the head of Defence that ended up damaging Czech security and defence policy. What was most problematic was the way in which these changes progressed, leaving a bitter taste.

We consider Alexandr Vondra's time in charge of the Ministry of Defence to be generally positive. Under his leadership the ministry began a series of reform and purgative measures and tried to make public contracts more transparent, even retrospectively – the minister, for example, banned the shredding of internal communication in all major cases (CASA, Gripen). After Vondra lost public and political support, however, his resignation was the right move and perhaps should have come earlier.

The appointment of Karolína Peake was problematic mainly because of the willingness of Prime Minister Nečas to bargain using the ministry within the coalition and entrust it to a person whose political weight comes only from having an influence over a few MPs. The dismissal of the “eight-day minister” and its justification came across as chaotic and incredible, even if her personnel moves had been rash at the very least. This resulted in a weakening of trust, and the image of the ministry as a whole suffered.

Jiří Šedivý moved from the position of first deputy to the post of ambassador to NATO, for which he has the best possible qualifications as a former Minister of Defence and Deputy Secretary General of the Alliance. The appointment of Vlastimil Píček in his place was unfortunate, mainly for its breach of the principle of civilian management. Suspicions of the increased role of the army were confirmed by Píček's personnel moves (for example, the restoration of military posts in the civilian section). Questions are also raised by Píček's change of stance on the CASA case and his political connections, which came to the fore within the context of his lightning-fast reinstatement.

The arrival of General Petr Pavel to the head of the general staff is, by contrast, one of unambiguous promise. This, after all, is a person who commands considerable respect in the civilian and military parts of MoD, among the expert public and abroad. The departure of Deputy Rudolf Blažek is also good news after he did not pass security vetting.

Rating

ACTIVITY	3
DETERMINATION	4
IMPACT	4
FINAL MARK	4

ACQUISITION POLICY OF THE MINISTRY OF DEFENCE

The cautiously positive trend set by Minister Vondra predominated in the area of acquisitions. Investigations into the purchase of CASA aircraft that were so widely covered in the media related to previous leadership of the ministry and their advancement is generally good news. Certain events raise questions, however, even if they are more political and technical than potentially criminal.

A National Armaments Office was created after having been presented as a key part of a new, transparent acquisition process. However, in a situation where the office is in fact just a section of the Ministry with a new name and does not purchase anything for other armed forces, its value is unclear. Moreover, the office was immediately affected by instability in personnel in that three people were successively put in charge of its establishment and oversight in 2012 alone.

By far the biggest acquisition in the medium-to-long-term perspective involves the assurance of supersonic aircraft after 2014, when the current contract on the hire of Gripen fighters comes to an end. The Czech Republic worked intensively on an extension to the contract, which led to two successive offers. As of the end of the year, the government had not made a final choice. It is strange that a tender for such an important contract was left as a merely an alternative for the eventuality that direct negotiations did not end in any clear results. An open tender with the involvement of European and American manufacturers would contribute towards greater credibility, if not a more favourable offer.

The Czech Republic continues to look into the options of acquisitions within NATO or on a multilateral basis. The NATO Support Agency (NSPA) was used for the acquisition of ammunition and the Ministry spoke publicly of its involvement in the purchase of uniforms (a national tender was cancelled by the anti-monopoly commission). Advancement was also achieved within the Visegrad Group, when a meeting of ministers of defence at Litoměřice brought specific commitments to harmonising defence planning, the biggest obstacle to joint acquisitions in the past.

Rating

ACTIVITY	②
DETERMINATION	② -
IMPACT	② -
FINAL MARK	② -

ECONOMIC DIPLOMACY

VISION OF ECONOMIC DIPLOMACY



Economic diplomacy in the Czech Republic has long been criticised by exporters and the expert public alike for insufficient understanding of the needs of entrepreneurs and for its lack of coordination. Although the current government insists there will be greater interconnection and cooperation among ministries, the creation of the basic conceptual document for the future of Czech exports, the Czech Export Strategy (ES) for 2012 to 2020, did nothing to address this, mainly because of the fighting between the MoFA and the MoIT.

The government ratified the ES developed by the MoIT in March 2012 in spite of the negative stance by the MoFA, which protested that it had been working on a similar document for two years itself and that it had not been consulted by the MoIT. The split was exposed just before a sitting of the government when the MoFA presented its own vision of how support for Czech exporters should look.

At a factual level, the main dispute between the ministries is over the role of ambassadors in economic diplomacy, whether employees of agencies such as CzechTrade are to have diplomat status and their offices at an embassy (the MoFA is against this) and what the priority countries for exports should be. Whereas the MoIT set out 12 priority countries for the period to 2020, the MoFA adopted a more flexible approach. The strategies could, however, complement each other in other areas. The MoIT correctly promotes the idea that diplomacy must help exporters on markets outside Europe, in particular given that they no longer need this assistance within the EU. The MoFA plan to compile regional strategies that would go into more detail and respond to the specific needs of certain areas also makes sense for exporters.

Although the vision of economic diplomacy was developed more at the MoIT in 2012, it cannot be carried out without the active cooperation of the MoFA. Czech economic diplomacy will continue to be ineffective until both ministries accept that although the ambassador represents foreign policy in the target destination, a former businessman working for CzechTrade is more likely to understand support for export than the graduate of an economic course at the Diplomatic Academy.

Rating

ACTIVITY	2
DETERMINATION	3
IMPACT	5
FINAL MARK	3

INSTRUMENTS OF ECONOMIC DIPLOMACY



Managing the instruments for promoting economic diplomacy was another subject of fierce debate between the MoFA and the MoIT in 2012. The year 2011 saw the MoFA terminate the model of dual management of economic diplomats, whilst the MoIT continued in its intention of creating its own network of representatives in prospective export destinations.

The agencies and organisations that ensure support for exports were affected by personnel upheavals in 2012 that were only partially resolved: Exportní garanční a pojišťovací společnost (Export Guarantee and Insurance Corporation) and Česká exportní banka (Czech Export Bank) changed their management staff, while the CzechTrade and CzechInvest agencies only had temporary management at the end of 2012. Although the reasoning for these changes differed between the institutions in question, it is clear that instability of personnel cannot positively contribute to the quality of their work.

The implementation of the Czech Export Strategy got underway in 2012. Employees of the CzechTrade and CzechInvest agencies were placed under the MoIT and key employees and the Ministry began selecting employees for "its" positions abroad. The MoFA is not involved in this process, however, and has adopted a negative stance on this, wanting to first discuss a comprehensive agreement on the functioning of economic diplomacy. It is not therefore clear whether the new representatives of the Czech Republic will have diplomatic passports, which are required in many countries to be able to open the right doors for entrepreneurs. The positions of both ministers are thus fundamentally different for institutional and political reasons.

There is now no uniform communication towards business entities as part of the current strategies, with the existing coordination mechanism at the MoFA and the MoIT admitting that those interested have to get information from five different institutions. In spite of the changes in 2012, there was no success in orienting the entire system in a way that accommodates real users.

Rating

ACTIVITY	②
DETERMINATION	③
IMPACT	⑤
FINAL MARK	③

SUMMARY OF RATINGS

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Subject-matter	Mark
Political engagement	4
Institutional cohesion	4
Strategic vision	3
Proactive approach	3
International relevance	4
Average	3,6

THEMATIC AND REGIONAL AREAS

Subject-matter	Mark	Sig.
Position on further integration	4,75	***
Ratification of the amendment to Article 136 of the Treaty on the Functioning of the European Union	4,75	*
Negotiation of the EU Multiannual Financial Framework	2,75	*
Creating the proposed banking union	2,50	*
The coordination of European policy	4,00	**
The Visegrad Group	1,75	***
International Visegrad Fund	1,50	*
United States of America	2,00	**
Germany	2,00	***
Russia	2,50	*
Poland	2,50	**
Ukraine	2,50	*
The Eastern Partnership	1,00	*
Integration of Western Balkan countries	1,75	*
Conflict in Syria	3,00	*
Middle-East peace process	3,00	*
Relations with China: economic and political dimensions	2,00	*

SUMMARY OF RATINGS

Subject-matter	Mark	Sig.
Human rights in Asia	2,50	*
Human rights and transformation policy	3,00	*
NATO and EU	1,50	**
Personnel changes in Defence	4,00	*
Acquisition policy of the Ministry of Defence	2,50	*
Vision of economic diplomacy	3,50	**
Instruments of economic diplomacy	3,50	*
Weighted average	2,73	
OVERALL MARK	2,99	

RECOMMENDATIONS

- 1** Involve the newly-elected president in the implementation of a uniform foreign policy. The president must represent the position formulated by government, which should also provide him with space for self-realisation in areas that are his priorities and that are not at odds with the official line. Mutual trust must be restored in president-government relations in foreign policy and a productive atmosphere created.
- 2** Respond to the Lidice initiative of German President Gauck with a similarly accommodating move. This mainly opens the floor to President Miloš Zeman, who, in spite of the instrumental abuse of anti-German sentiment in his election campaign, has repeatedly condemned the “wild resettlement” of Sudeten Germans. The ideal opportunity would be to remember the victims of one of the worst excesses of this stage of resettlement, for example in Ústí nad Labem, Postoloprty or Brno. It should mainly be a conciliatory and human gesture over and above, rather than against, the grain of the Czech-German Declaration.
- 3** Implement coherent and consistent European policy. The Czech Republic should sign up for the Fiscal Compact and the Euro Plus Pact as it previously approved the principles found within these initiatives as part of secondary legislation and promotes them in domestic economic policy. It should also complete the ratification of an amendment to Article 136 of the Treaty on the Functioning of the EU. The government should stop sending out the signal that it wants to separate itself from the integration process to other partners in the EU. Inconsistent European policy weakens the leverage of the Czech Republic in bilateral relations, including those strategic relations with Poland and Germany. The Czech Republic should try to halt the adverse de-Europisation trends in these areas. Moreover, the same move should be made as part of Visegrad cooperation.
- 4** Submit the Concept of the Czech Republic’s role in the European Union, which the government undertook to compile in its programme declaration. European policy without vision and the lack of interest in this area among the political elites shows that there is a need for broad debate on the Czech role in the EU. Starting a discussion that takes in economic and social partners and civil society, led by the Ministry of Foreign Affairs or the Office of the Government, would appear to be a suitable move toward the explicit formulation of basic starting points and their introduction to social-political discussion.

5 Do not shy away from support for human rights and democratic transformation; use this dimension more effectively. Long-term support for human rights abroad and consistent transformation policy are among the main units of currency in Czech foreign policy. The interconnection of government policy and the work of non-governmental organisations is also unique. Doubts raised in public by representatives of the state in this area are counterproductive, weaken the brand built over the long-term and do not bring sufficient effect in the form of business opportunities in non-democratic countries. By contrast, the Czech Republic should try to make this dimension of policy more visible and to be more active within the V4 and the European Endowment for Democracy.

6 Support civil society in Russia more significantly. Representatives of the Czech Republic should not only have concentrated on well-known cases such as Pussy Riot, but should have been more vocal in their support of other representatives of civil society, culture or the opposition who have the wider support of the Russian public. The Czech Republic should try and reach a uniform position within the EU to condemn repressions of civil society and in helping to lead to increased support for Russian non-governmental organisations, including those not registered. Pushing through support as part of the European Endowment for Democracy would also be a good idea. The EU should adopt a European form of the Magnitsky Act that includes sanctions against representatives of the Russian regime responsible for violating human rights.

7 Contribute towards the implementation and deepening of the Eastern Partnership. The Czech position would be strengthened were it to have greater representation of Czech staff members in European Union delegations in partner countries. Another significant step would be to simplify Czech visa policy and make it more effective, for example by issuing visas for a period of five years. The Czech Republic should push through the introduction of visa-free relations with Moldova if it complies with the conditions of visa dialogue in 2013.

8 Promote the integration of the countries of the Western Balkans in the EU at a bilateral and multilateral level. The Visegrad Group should be purposefully used to make progress in the integration processes with Macedonia, Serbia and Albania. One possible tool is the creation of a joint non-paper in response to the regular evaluation report of the European Commission. The Visegrad Group should also continue in its support of

multilateral communication and cooperation among the countries of the Western Balkans. The V4 model could act as suitable inspiration.

9 Use the capacities freed-up by withdrawal from Afghanistan for more active involvement in the EU's joint security and defence policy. The Czech Republic did itself proud in Afghanistan and the decision to continue supporting the stability of the country through non-military resources is the correct one. It is also clear, however, that Europe will have to respond sooner or later to the United States decision to shift attention to the Pacific. The destabilisation of the Middle East and North Africa is a problem Europe will have to face up to, as evidenced by the French operation in Mali, for example. The Czech Republic, whilst maintaining NATO commitments, should also actively involve itself in European civil and military missions, which offer a unique opportunity to use the know-how that the armed forces, diplomats and non-profit organisations obtained during a decade of work in Afghanistan.

10 Coordinate and simplify the work of the MoFA and MoIT in economic diplomacy. The MoFA should primarily be in charge of the coordination and technical and formal coverage of the external representation of the Czech Republic given that individual ministries are unable to operate entirely independently abroad. The MoIT should guarantee support for exports and gaining investments, mainly because career diplomats without any real experience in the world of commerce cannot effectively represent the interests of exporters.

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