



Asociace
pro mezinárodní
otázk
Association
for International
Affairs

Newsletter

European program

01/2008

1 – 15 May 2008

A Bi-monthly Review of European Affairs from the Czech Perspective

In this Issue

Euro in Slovakia: The Benefits and Risks for the Czech Republic
Liberalization of the EU employment market
Serbia after elections: New hope for Europe?
French-British cooperation and small EU countries

Analyses

Euro in Slovakia: The Benefits and Risks for the Czech Republic

Jan Husák, Jan Potucký

Thanks to the recommendation of the European Commission and the European Central Bank, Slovakia was given the green light to accept the common Euro currency. This has ended a long-running discussion whether Slovakian government will succeed at fulfilling one of its priorities or not. The only things that now separate Slovakia from Euro are the approval of the member states and a final blessing from the Council of the EU. These steps are expected to be finalised till the end of July 2008.

What could this change signify for the Czech Republic? For logical reasons, both economies are tightly wedded. After Germany, Slovakia is the second biggest importer of Czech goods. It is thus understandable that Czech exporters are not particularly happy about the strengthening Czech crown and therefore fear the rising prices of Czech goods not only in Slovakia and press for the fastest possible adoption of the Euro in the Czech Republic. A counter effect from the Slovakian export to the Czech Republic can be anticipated. Here the Euro might principally help companies, which use Slovakian industrial capacities. Swings threaten especially smaller entrepreneurs, because big and multinational companies already today often do business between the Czech Republic and Slovakia in Euros. Tourism might be affected in the same way.

Whether the Czech Republic loses or gains depends mainly on the future development in Slovakia itself. If the Slovaks adopt the Euro and if they succeed in maintaining the current trends of growing economy and declining inflation, then our neighbours will have an advantage that might, to a certain degree, help the modernisation and restructuralisation of the ineffective Czech industry. However the Slovakian National Bank already admits that the inflation of certain commodities has surpassed its expectations. Within the scope of the Euro adoption, the Slovakian National Bank counts with price increase, but the plan also includes their stabilization by 2010.

The main impact on the population of both countries will probably be rather psychological. However, the incertitude connected with the introduction of a new currency may be eliminated by a well managed information campaign.

Liberalization of the EU employment market: Current direction of the European judicature

Sylvie Milerová, Michal Vít

The verdict of the European Court of Justice C-346/06 from 3rd April 2008 documents the direction of the evolution of present European judicature concerning the ever deepening EU integration of the employment market. The fact in issue of the verdict concerned the pay of the employees of a Polish subcontractor for work executed in Germany. The Polish employer paid his Polish workers an usual Polish wage amounting to 46,5% of the minimum German wage. The German Labour Union challenged this fact in the ECJ, stating that it is social dumping. The ECJ ruled against their objection and followed through the decision in the case C-341/05 "Laval", which has proved to be groundbreaking in this field.

However the individual players on the European scene deeply differ in their stances towards the issue. The trade unions deem the verdict in the Laval case a mistake that must be corrected. John Monks (general secretary of ETUC – European Trade Union Confederation) has even stated that similarly to the Bolkestein directive which has derailed the European constitutional treaty, this verdict could damage the current Lisbon treaty. By contrast the Czech minister of labour and social affairs Petr Nečas perceives the verdict positively. The minister stated for Hospodářské noviny that the victory in the Laval case "is a victory of sanity".

Liberalization of the European employment market is one of the long term goals of the Czech political representation which has welcomed the aforementioned verdicts. Conversely the recent confirmation of the German plan to prolong restricted access to German employment market until 2011 received cold reception. Petr Nečas has denounced this step as "a populist approach and a hidden antipathy towards the citizens of new member states".

Serbia after elections: New hope for Europe?

Marián Zachar

Along with numerous highlighted economic benefits Serbia got a unique opportunity to integrate with the EU after signing the Stabilization and Association Agreement from 29th April. Virtually the last political condition of accession is the detention and extradition of General Ratko Mladić and the former Serbo-Bosnian president Radovan Karadžić to the Hague International Criminal Tribunal. Serbia headed by the president Tadić got this clear message from Brussels before the elections and the voters have answered it on 11th May 2008.

The results of the elections to the unicameral parliament totalling 250 members have clearly shown that Serbia has advanced towards EU. The 38,7% votes cast for the pro-European Democratic party of president Boris Tadić (103 seats in the parliament) have confirmed that the EU can slowly commence to make Serbia a strong partner in the region of West Balkans. Reversely the significant failure of the nationalist parties – Serbian Radical Party and the Prime Minister Kostunica's Democratic Party of Serbia has marked a possible beginning of an era of terminal diversion from Balkan separatism and fanatical nationalism known from the Slobodan Milošević epoch.

In spite of EU's positive reception of the election results, it is not clear whether Tadić will succeed in forming a cabinet. Even an alliance with the Liberals would not yield the 126 representatives needed for a stable government. So the intriguing question is who will be able to create a new cabinet or if there will have to be new elections which would once again destabilize the relationship between EU and Serbia. The most likely grouping will probably have to count with Milošević's Socialist party, which might not be the best solution for the future development of Serbia. It is the

Czech Republic who should be interested during its EU Council presidency, apart from the traditional Slav intercommunity, in the EU's approach to the enlargement to the West Balkans. That is precisely why the Czech Republic needs to adopt a clear stance towards Serbian future.

French-British cooperation and small EU countries

Petr Hajný

The European Union should be a catalyser of particular interests of its members. Let us mention some real examples: British-French reminiscence which tries to transform former rivals into partners, Czech-Hungarian cooperation (more precisely ČEZ – MOL) that welds together the positions of smaller EU countries and creates „a new block of power“ ; German-Russian initiative reflecting German pragmatism and the prioritizing of their own interests over the European ones.

The common denominator of the aforementioned is the foreign policy and struggle for power between states. We may presume that Germans have already given up on the EU in what concerns energy and now try to secure themselves through bilateral treaties with Russia. The answer to these actions is an attempt for British-French partnership (especially in the field of power supply).

Small states are well aware of their position and try to turn it into their advantage. The Czech Republic is located in the middle of Europe and thus is a matter of interest of more countries. As one classic puts it, history repeats itself. The Czech Republic has several options: try to participate in the British-French tandem (it has what to offer: experience from power supply, limited sources of uranium and influence on energy supply in Central Europe through ČEZ) with all risks that follow (distance from partners, historical experience etc.), or it can try to apply its own policy towards Russian Federation (unbalanced positions favouring the Russian side), or furthermore it can try to cooperate with other small EU states, especially with its regional neighbours (creating another strong block), but quite heterogeneous in its own interests and last but not least it could coordinate its position with the German one and hence get under the influence of its western neighbour.

Comments on Recent News

President Klaus vetoed the Antidiscrimination Bill, deems it unnecessary

Václav Klaus reasoned his decision stating that the bill does not include anything new for the Czech law system, the regulations are already largely included in the Constitution, Declaration of basic rights and liberties and international treaties. The EU demands adoption of the bill which introduces several new forms of discrimination. If the Czech Republic fails to do so, sanctions will follow. [More](#)

Ministers of interior of the so-called Salzburg forum met in Prague

The ministers discussed especially the future of Schengen, possibilities of cooperation in the field of road traffic and the draft of the European treaty on migration and asylum. Also discussed was the issue of frequent controls of Czechs after crossing the border. Croatian deputy minister of interior also attended as well as a representative of the European Commission. [More](#)

Summit in Peru

Almost fifty statesmen attended the Lima summit of the European Union, Latin America and the Caribbean. The Czech Republic was represented by M. Topolánek. The main topics of the conference included fight against poverty and global warming. A turbulent discussion stemming from different points of view of European and Latin American countries was held about the question of bio fuels. This dispute concerns the Czech Republic deeply, because it will play a crucial role in finalizing this negotiation and agreements during its EU Council presidency. [More](#)

France does not want to be an arrogant “head” of the EU

The French minister of foreign affairs, Bernard Kouchner has ruled out any “French arrogance” during the upcoming EU Council presidency of his country and stressed France’s will to listen to all EU members. “It will not be about us pushing through our concepts,” he said at a press conference in Paris (ČTK 14.5.) Could this French approach ease the enforcement of the Czech priorities in the “trio’s” programme? Even if the French presidency is one of moderation the fact has nothing to do with the benevolence of the national negotiators e.g. when negotiating the CAP reform. [More](#)

Interesting Publications

Open Europe

France will soon take over the presidency of the EU Council. The priorities it has set and their subsequent implementation will affect the agenda of the Czech presidency. The paper “[French EU Presidency – What to expect?](#)” includes an analysis of the French presidency priorities and the possibilities of their realisation.

Institute of International Relations Prague

Despite the fact that Germany took presidency at a time when many thought EU was in a crisis, it managed to fulfil its agenda with success. Vladimír Handl’s paper “[German presidency 2007 as an inspiration for Czech presidency 2009?](#)” includes views on how Germany managed its presidency and recommendations for the Czech Republic.

Centre for European Reform

The topic of Simon Tilford’s study “[Will the Eurozone crack?](#)” is the common European monetary policy. It focuses on general conditions of currency union functioning and points out that the Eurozone does not fulfil them. With Italy as an example he documents the massive differences in economical growth and inflation in member states, which he considers one of the greatest risks for a successful future existence of the Eurozone.

Invitations

Visegrád Cooperation and Czech EU Council Presidency

When: 5 – 6 May 2008

Where: Institute of International Relations Prague, Nerudova 3, Praha 1

Organiser: Institute of International Relations Prague

[Programme](#)

International conference: Regions: The Dilemmas of Integration and Competition?

When: 26 – 29 May 2008

Where: University of Economics, Prague, nám. W. Churchilla 4, Praha 3

Organiser: Regional Studies Association in cooperation with University of Economics, Prague

[Programme](#)

[Registration](#)

Seminar: Security strategy of the EU and Common security and defence policy

When: 29th May 2008 from 17:30

Where: Angelo Hotel Pratur, Radlická 1g, Praha 5

Organiser: CESES FSV UK and Friedrich Ebert Stiftung

[Registration](#)

Upcoming Events

The European Commission wants to fight the sinners of the energy market more effectively

On 26th May a debate on this theme will launch the „French Season“ in the Czech Republic which is organized in connection with the Czech EU Council Presidency. Leading politicians and intellectuals from both countries (for example Karel Schwarzenberg, Bernard Kouchner or Václav Havel) will attend. [More](#)

What is the future of Europe?

According to the current regulation national regulators are authorized to fine the energy companies for discriminating behaviour up to the amount of 10% of their turnover. But such process is often time consuming and that is why its acceleration is the main goal of the new regulation conceived by the European Commission with Slovenia's support. Relevant ministers are going to discuss it on 6th June 2008. If the draft is adopted, then Czech institutions such as ÚOHS would also benefit from the additional operational scope. [More](#)

Deputy prime minister for European affairs will meet his British counterpart

On 19th May Alexandr Vondra is to meet several British leaders in London including the British minister for European affairs, Jim Murphy and British prime minister's personal assistant John Cunliff. They will discuss current European issues. [More](#)

The opinions expressed in this newsletter are those of the authors and do not necessarily reflect the views of the Association for International Affairs.

Project Coordinator: Ivana Jemelková Project Assistant: Lenka Ryjáčková Analyses: Petr Hajný, Jan Husák, Sylvie Milerová, Jan Potucký, Michal Vít, Marian Zachar Comments on Recent Events: Jan Husák, Sylvie Milerová, Jan Potucký Interesting Publications: Lenka Ryjáčková, Andrea Tršová Invitations: Lenka Ryjáčková, Andrea Tršová Upcoming Events: Sylvie Milerová Corrections: Lenka Ryjáčková (Coordinator), Andrea Tršová, Vít Michal Translations: Sylvie Milerová Professional Editing: Ivana Jemelková Graphic Layout: Side2 Composition: Josef Vomáčka Office Contact: newsletter.ep@amo.cz

Association for International Affairs (AMO) Žitná 27, 110 00 Praha 1 Tel./Fax: +420 224 813 460 E-mail: info@amo.cz / www.amo.cz
