



# **AGENDA FOR CZECH FOREIGN POLICY 2018**

— Eds. —

Vít Borčany  
Vít Dostál



**AMO.CZ**

**PRAGUE 2018**



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*Print* – VYDAVATELSTVÍ KUFR, S.R.O. – TISKÁRNA

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ISBN 978-80-87092-55-2 (print version)

ISBN 978-80-87092-56-9 (pdf version)

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# Foreword

**VÍT BORČANY**

**VÍT DOSTÁL**







Throughout its existence, the Association for International Affairs (AMO) systematically monitors and analyses Czech foreign policy. Our flagship project is the annual publication *Agenda for Czech Foreign Policy*, the twelfth edition (the first was published in 2007) you are now reading. The book provides a comprehensive expert, yet at the same time normative, view of contemporary Czech foreign policy and represents an initiative which is unique within the field.

In the past years, we always more or less updated the previous iteration; this year's edition is fundamentally different. Firstly, after six years, we dropped the "grading" of Czech foreign policy actors. On the one hand, a grade sends a clear message to the recipient, but we concluded that the negatives of this exercise had gradually prevailed: superficiality, over-simplistic methodology, and the dominance of final mark over the content of the publication. Another significant feature is the consolidation of a larger number of geographic or thematic chapters into seven broader-ranging sections, which lets us provide a more comprehensive picture of the developments in the Czech foreign policy. The third step was to focus more of the attention on the future; in doing so, we want to make good by the name of the book – to set the agenda for future activities in the field of foreign policy.

As per the tradition, the publication starts with a chapter covering a broader political context of the Czech foreign policy. Each thematic chapter is divided into two parts; while the first one reviews the past 18 months (approximately from January 2017 until June 2018), the second one outlines the anticipated developments on the international scene and it is here that we present the positions the Czech Republic should be taking. Each chapter includes interesting quotes on the subject from Czech foreign policy actors. At the end of each chapter, we present the main points: firstly, which political developments the Czech Republic should expect; secondly, what characterizes Czech diplomacy in the given area today; and thirdly, what should be the response of the Czech foreign policy.

This year's *Agenda* is published later in the year than the previous editions. Political instability and a certain vacuum which has spilled over to the foreign policy dimension have led us to wait for a government which has the confidence of the Parliament. Although it seems that certain vacillation will be the mainstay of the Czech political scene in the months to come, at least we now have a counterpart to whom we can present our *Agenda for Czech Foreign Policy*.



# **Vacillation of Czech Foreign Policy**

**VÍT BORČANY**

**VÍT DOSTÁL**





"The ministry also lacks a political brief, because even defining the Czech national interest is difficult nowadays," noted Miroslav Poche, political secretary at the Ministry of Foreign Affairs and – as of the date of publication – unsuccessful candidate for the post of foreign minister, after he joined the Ministry. While it may be surprising that Poche is evidently not bringing a clear plan to the Czernin Palace, we have to admit that the internal and external circumstances have not been less conducive to foreign policy formulation since 1989. We have to realize, however, that the Czech Republic carries only a part of the blame for the crumbling international order – its culpability being mainly that it does not do enough to uphold it – there is no exculpation for the deterioration of the foreign policy background.

In the first chapter of our book, we start with a characterization of the present Czech foreign policy; we look back at the legacy of Bohuslav Sobotka's cabinet and the minority government of Andrej Babiš. We proceed with the condition of the main Czech foreign policy actors and cover the starting points of the ANO and ČSSD (Czech Social Democratic Party) coalition government. We also take note of the key trends on the international scene, and we chart the direction that the Czech Republic should take.

Looking back at Czech foreign policy in 2017 and in the first half of 2018 does not inspire optimism. The previous years had been marked with a heated foreign-policy debate along three lines: the relations of the Czech Republic to Russia against the background of the Ukrainian crisis, Czech-Chinese relations and the migration crisis. With the exception of the last, the Czech debate on international affairs has faded out. Political discussion has focused on home affairs. Various foreign-policy issues surfaced during the parliamentary and presidential elections, only to be met with very black-and-white superficial answers. No new ideas have emerged from these debates.

Czech reflection on foreign affairs has been marred with absolute indifference. Politicians lack the competence to grasp the ongoing reconfiguration of the international system. Czech foreign policy has been lumped on the shoulders of the bureaucratic apparatus which, by definition, cannot make any strategic decisions of importance. With the changes that are happening, this is very much unsustainable going forward.

In the global context, it is more and more evident that the Czech Republic is shifting away from multilateralism which had been the cornerstone of its foreign policy post November 1989. The present authors of the policy deepen the Czech navel-gazing tendency, which puts us out of action when it comes to having a say in the formulation of the new international order and cuts us off from the benefits still available to smaller countries under the present system. The ideas which the Czech Republic has invested in the order to date are increasingly difficult to uphold on

the hostile stage where regional powers rise. More so now, when the United States are loudly denouncing it. Czech politicians voluntarily vacated their previous post of an active and cooperative player (in human rights and democratization, for instance), and turned into nothing more than self-centred extras. They meet global affairs with silence, internalized confusion, insecurity and political indolence, or – in the worst case – aggressive blaming of other actors. Instead of looking for ways of engaging with problems, they evade them and cannot see beyond the short-term.

The domestic political context only exacerbates these problems and does not offer any ways out of this unfortunate situation. The political discourse continues to be dominated by the shallowly grasped topic of migration. We can discern very little difference in the positions of various actors – they are all vocal detractors. At the same time, by keeping this issue alive, they are instrumental in attaching too much political weight to it. The populist approach is manifested not only in the everyday rhetoric exploiting aggression towards refugees – or worse – all foreigners, but also in practical political steps. It is a paradox that our political representatives repeat anti-immigration slogans faced with the fact that the Czech economy struggles with an acute shortage of labour. On the one hand, governments took a verbal vocal stance against migration, while campaigning to recruit foreign workers on the other.

### **The errant steps of minister Zaorálek**

We have to search the past for the reasons of the present dire situation. When the Social Democrats came to the Czernin Palace (Ministry of Foreign Affairs) in January 2014, given the eight years in waiting on the opposition benches, the levels of expectations were high. The sum of the four-year tenure of Bohuslav Sobotka and Lubomír Zaorálek at the helm of Czech diplomacy is, however, anything but stellar.

In the first months of his ministry, Lubomír Zaorálek piloted the debate on the importance of supporting human rights and democratization in such an inept way that it contracted to the struggle of moving beyond or preserving Havel's legacy. The result was only minimalist corrections to this dimension of the Czech foreign policy, however the bitter aftertaste of the whole affair lingered. Ideas to regroup alliances in Central European policy fared similarly. They produced the Slavkov Cooperation with Austria and Slovakia which is yet to yield tangible results. Casting doubts on Visegrad cooperation, which had been so fashionable, has, with the arrival of the migration crisis, turned into "Visegradization" of Central European policy. During the Czech presidency in 2015-16, the Visegrad Group was labelled, for its lack of solidarity, as an uncooperative and unpredictable actor by the EU.

The positive expectations for European policy based in the nominally pro-integration position of the government have not come to pass. Its actions are symbolized by the signing of the so-called fiscal pact. It did not make it out of the Chamber of Deputies due to a lack of will to agree to have it passed with the opposition TOP 09. Czech European policy accented, almost exclusively, the subject of relocation quotas. This rhetoric contributed to an unprecedented loss of confidence in the EU on the part of the Czech public.

The government struggled to set a new agenda for transatlantic relations. The Czech defence policy hardly inched forward – including increasing the percentage of the GDP allocated for defence. Relations with Germany, rocked by the Czech response to migration, somewhat deepened thanks to the signing of the Strategic Dialogue which, however, is still waiting for its adequate implementation. Zaorálek also promised to deliver an update to Middle-Eastern policy but failed completely on this front. The Czech Republic uncritically supported Israel, despite its several excesses. Moreover, it openly collaborated with the criminal Syrian regime.

Without obvious strategic ambitions but with much pomp, relations with China have come to the forefront; this policy, however, is yet to produce tangible results. The policy towards the East has been under the influence of the aggressive Russian engagement in Ukraine, and the subsequent imposition of sanctions against Moscow. Activities in the Eastern Partnership framework, which has been declared a priority for the Czech Republic, have not intensified. Even though the Czech Republic officially supported the sanctions, the Russian question became a polarizing subject in the relationship between the government and the president.

### **The twilight of Sobotka's government and no-confidence foreign policy**

In its last year, the coalition government of ČSSD (Social Democrats), KDU-ČSL (The Christian and Democratic Union – Czechoslovak People's Party) and ANO completely lost any foreign policy ambitions as it geared up towards elections. The European policy discussion continued to be dominated by the issue of migration – more precisely the relocation quotas which were rehashed ad infinitum. The government even passed a redundant resolution that it would not honour the decision to support Italy and Greece which was made in 2015. By doing so, it opened a way to action against the Czech Republic at the European Court of Justice. The political representation ignored the strategic aspect of EU reform, and the discussion on the future of integration was brushed off with a questionable statement by minister Zaorálek that we should regulate the free movement of workers. The declared support for EU defence cooperation was not followed up with any action in practice.



Stagnation or entrenchment of position was the main feature of the foreign policy in 2017 also in other areas. In its Central-European policy, the Czech Republic, on the one hand, held the Visegrad anti-migration flag (probably also under pressure from public opinion), and, on the other hand, it winced over the news coming from Poland and Hungary. The Eastern Partnership Summit was given only cursory attention. The president gladly took to filling the East policy space vacated by the government: he met up with his Russian counterpart twice and pressed for the establishment of a Czech-Russian discussion forum. No noteworthy products of the wild adventure in China materialized. The defence policy did not move an inch, despite the arrival of the NATO-sceptic Donald Trump to the White House. No major defence contract has been awarded and the percentage of defence spending did not increase in any notable way.

Any positive moments that appeared had only a low political weight. The decision to engage in the NATO Enhanced Forward Presence in the Baltic region was the only exception. Other activities, like the political parties' consensus on the matter of Brexit or the proactive role in the negotiation of the Posting of Workers Directive, were constructive. But these achievements did not require any strategic dedication and orientation.

The minority ANO government, which failed to secure a confidence vote in the Parliament, naturally did not take any discernible action in the field of foreign policy. The winter tenure of the foreign minister Stropnický is not associated with any major action – nor with any disasters, which, in the Czech context, is almost a welcome thing. Stropnický won some points in the Novichok case, when he unequivocally supported the United Kingdom. But he did not succeed in pushing a point dedicated to the president's disinformation campaign about this scandal onto the agenda in the Parliament.

### **No light at the end of the tunnel**

The present political constellation indicates that, in the next months, Czech foreign policy will go into survival-confrontational mode. It is expected that it will be reactive, devoid of ideas and initiative; it will be propelled ahead by events behind which the actors will hide from partners and the public. The continued absence of any long-term vision will persist as the political elites lack a grasp of the broader context and have no interest.

The foreign policy structural aspects do not bode well for the future. The foreign policy of the government of ANO and ČSSD will be susceptible to manipulated polarization. It will be hijacked to serve secondary political goals of the involved actors. KSČM (the Communist Party), which is unequivocally supportive

of the actions of Putin's Russia and is against the Czech Republic's membership of NATO, can trip the government up when any international crisis arrives. In order for foreign policy to work, Social Democrats must push Miroslav Poche through as foreign minister, or find another candidate. The continuation of the present situation is probably the worst option as it leaves the country under-represented in international forums.

Prime minister Babiš will probably infuse foreign policy with occasional excesses; he will continue to seek publicity through it and offer illusory solutions – but no constructive ideas. The prime minister is a huge uncertainty factor: neither ČSSD nor the public can be sure of his real agenda. He claims he wants to play an active role in the European Council, his actions often appear to be in direct contravention of his own words when he *a priori* refuses to go to some meetings. His words suggest that he wants to be a part of history, but the reality shows that he has little to offer to his European partners.

Babiš will be in a defensive position to the newly elected and increasingly stubborn president Zeman, which already came to surface when he refused to appoint Miroslav Poche as the minister of foreign affairs. More strife will emerge from the prime minister's efforts to concentrate the decision-making power in the Office of the Government. The problem is that Babiš has a tendency to ignore most of the foreign policy agenda. The prime minister has no clear goals himself, nor has he any ideological foothold. The disparate membership of his ANO movement has also very little idea about foreign policy, and will thus not direct Babiš in any way. Maintaining Babiš's popularity will be the foreign policy imperative.

Babiš's rhetoric to date suggests that he has already taken the easiest path – the one that exploits migration. Its main features include blaming other actors, dehumanization of refugees, portraying them as an existential threat to the Czech Republic and propagating a cultural divide between us and Western Europe or, more broadly, the liberal democracy as such. The prime minister's rhetoric can end up practically anywhere; the only mitigating factor can be his desire to be taken seriously by influential international actors. With his black-and-white blanket statements, the prime minister will find it hard to respond to the complex debate on the future of Europe, and look for the Czech Republic's place within it. Given the vacuous political and media space polluted with imaginary fear of anything foreign, the reduction of the discussion of EU affairs to talking about Czexit becomes a real threat.

ČSSD, too, cannot be expected to give an ideological impetus to the Czech foreign policy. In the past few months, the chasm between the pro-EU and the nationalist/conservative factions has deepened. After the lost elections, the latter faction came out clearly on top. ČSSD thus cannot be seen as an anchor of

our active EU presence. No less than a half of the leadership of the party which led the Czech Republic into the EU now voices support for a referendum about leaving the union. The party chairman and acting foreign minister Hamáček is of Euro-Atlantic persuasion, but given his party's sentiment, coalition hardship with the stronger partner ANO and two tough elections on the horizon, his person provides a tenuous guarantee.

Going back to president Zeman, we must note that the everyday foreign policy has found a way of coping with his presence. Zeman will go down in history for the successful bid to block the nomination of foreign minister (three previous unsuccessful attempts - Havel vs. Kavan, Klaus vs. Schwarzenberg and Zeman vs. Zaorálek). But he failed to achieve any of his greater goals. The fact that he is cutting back his foreign commitments will affect his role to represent the country externally. His periodic squawking in the media casts doubts over the country's belonging in the Euro-Atlantic space among the public and our foreign partners. The weight these doubts carry naturally increases in the absence of a sufficiently strong response from the Straka Academy (seat of the government) or the Czernin Palace (Ministry of Foreign Affairs). In response to their questions concerning the substance of Czech foreign policy, foreign diplomats and journalists are met with conspiratorial winking or a patronizing "we all know the score".

The view outside the foreign-policy executive is no more optimistic. The changes in the partisan composition of the Chamber of Deputies invite sceptical thoughts of a possible government alternation. Opposition parties do not have a clear foreign policy vision, or they do not have a coherent programme that would define the Czech Republic's place within the global context, as shown in the poor-quality election manifestos. People who have been shaping the foreign policy premises of the opposition parties in the past years are withdrawing from public life. The presence of Okamura's SPD (Freedom and Direct Democracy), which touts the need to leave the EU and makes clear its preference for relations with Russia, is a toxic factor that further destabilizes foreign and European policies. Some of its positions are shared by the president, so he exploits the movement to promote his views to the public and push the government into a corner.

### **The world will not wait**

The Czech Republic would need a time out to tidy up its foreign-policy room and introduce some order and sense into its priorities. But no one will give it that time. Looking at current trends, it can be assumed that the international scene will only be gaining in complexity. Multilateral policy, which had been giving small states

a way to have a say in international politics, is losing out to unilateralism, rivalry between regional powers and transactional solution of disputes.

The United States has adapted to this form of policy and now uses it not only against its rivals, but also against European allies. The response of European countries then differs depending on the need for guaranteeing their own security by strong transatlantic ties. It can be assumed that if the value gap in Euro-American relations deepens, European unity in negotiations with the US will crumble.

In the European Union, the transformation process that started with the calming down of eurozone problems, the migration crisis and Britain's decision to leave the EU will culminate. European leaders have the ambition to achieve eurozone reform, the revision of the Common European Asylum System and migration policies and want to agree on the next Multiannual Financial Framework for the years 2021-2027 before the European Parliament elections in May. The push for results in these areas - as well as the need to organize relations with Britain before it leaves the EU - portends a series of other "emergency summits" of the European Council. Due to the polarization of relations between the Member States on the north-south and west-east axes, the EU could further break down. These tensions can be used by the anti-Union forces, which are likely to be significantly bolstered in the upcoming European Parliament elections.

Germany will again politically guarantee the resulting political agreements in the EU. Berlin, however, will be so busy looking for European compromises that its capacity to concentrate on the problematic Visegrad area will be weakened. However, the confrontational rhetoric of Poland, and especially of Hungary, vis-à-vis the European Commission and Western Europe in general, will not ease up. The Visegrad Group in this respect will be further used by the countries for collecting political points at home, and if it is to be heard in European politics at all, it will be on the subject of migration.

Russian foreign policy will not see any major changes. It will continue to strive to divide the EU and pacify growing domestic tensions with its aggressiveness. In Eastern Europe, it will be important to monitor the ongoing reform efforts in Ukraine, also with regard to the forthcoming presidential election.

The Middle East will remain an environment of instability in which both regional and global players will air out their grievances. Iran will be driven by its ambition to reconfigure the power distribution in the region. Interventions in the Syrian conflict will persist, causing its protraction.

Despite the present calming down of the situation on the Korean Peninsula, further tensions can be expected in East Asia. These will be characterized by the centralization of power in China, growth of its foreign policy assertiveness and, at the same time, the protectionism or politicization of Chinese offshore investments.

The break-up of the international liberal order, an order which has allowed the Czech Republic unprecedented development since the 1990s, will continue. Thus, for-

eign policy should focus towards finding partners and stopping or reversing this process, as any other arrangement of international relations gives the Czech Republic fewer opportunities to grow into the ideal of a safe and prosperous liberal democratic state.

Firstly, the rhetoric around Czech European policy must change completely. The confrontational style framed by the theme of migration is moving the Czech Republic away from the main European events. European policy should be more constructive and, in addition to migration, should highlight other topics such as the new Multiannual Financial Framework, security and defence integration or eurozone reform. The Czech Republic should cooperate with Germany in particular, and thus take a stance against the political alienation of Central Europe from the key European players. The Czech Republic should therefore lead the Visegrad Group by example and oppose the destructive political rifts with Western Europe. Due to the nature of its economy, its geographical location and its size, the Czech Republic can only lose out if the fragmentation of the EU continues.

In security policy and transatlantic relations, the Czech Republic should aim to fulfil its commitments in defence spending and participation in foreign missions. However, it should not seek to gain favor in the United States by bilateralization of the relations at the expense of the joint European position. Likewise, it should talk to strong actors such as Russia or China in particular through the EU. Last but not least, support for human rights and democratic transformation should not disappear from the Czech foreign policy; unfortunately, key foreign policy leaders are already dropping this vocabulary from their discourse.





# European Policy

**ADÉLA DENKOVÁ**

**VÍT DOSTÁL**

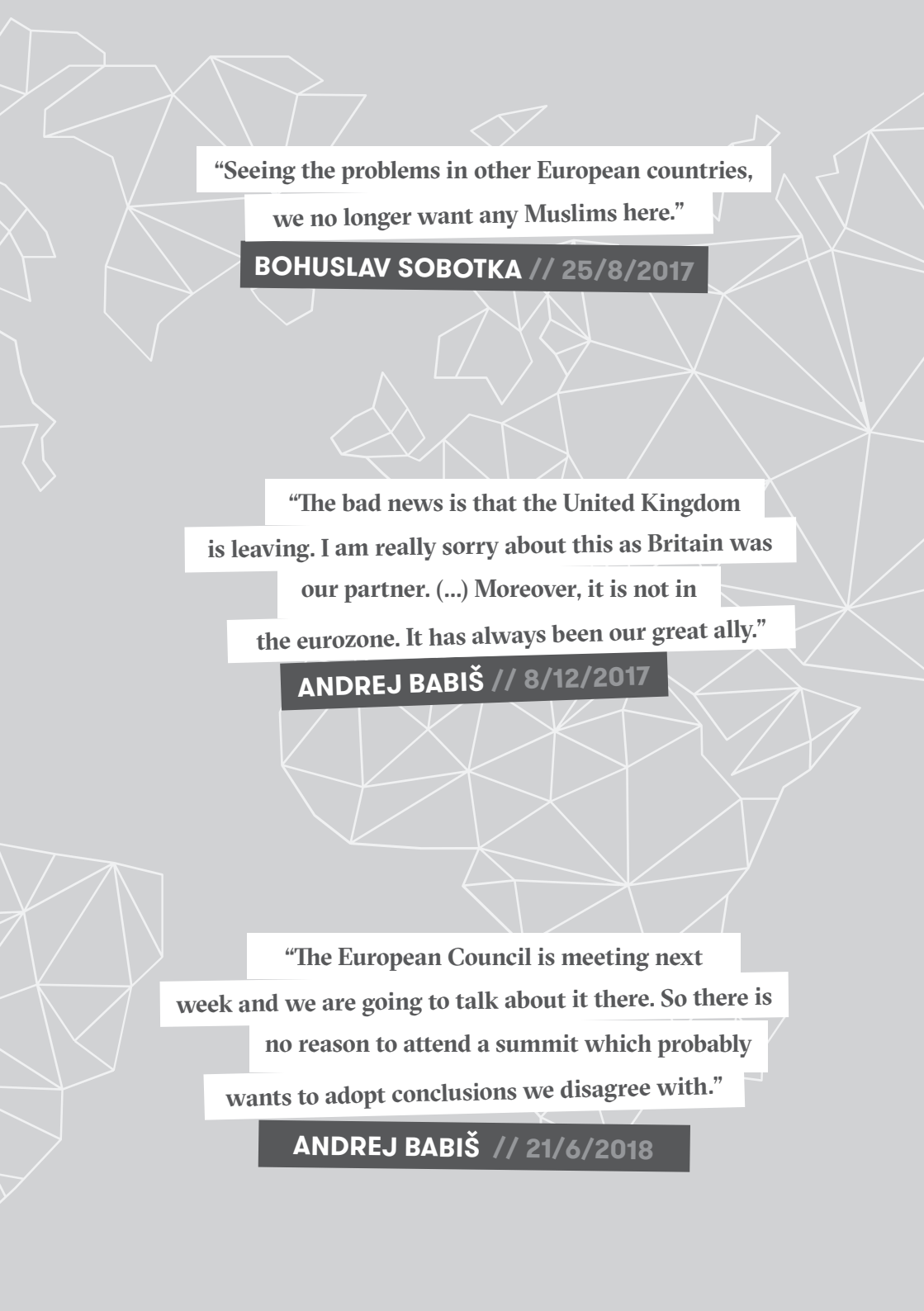
**PAVLÍNA JANEBOVÁ**

**TOMÁŠ JUNGWIRTH**

**KRYŠTOF KRULIŠ**







**“Seeing the problems in other European countries,  
we no longer want any Muslims here.”**

**BOHUSLAV SOBOTKA // 25/8/2017**

**“The bad news is that the United Kingdom  
is leaving. I am really sorry about this as Britain was  
our partner. (...) Moreover, it is not in  
the eurozone. It has always been our great ally.”**

**ANDREJ BABIŠ // 8/12/2017**

**“The European Council is meeting next  
week and we are going to talk about it there. So there is  
no reason to attend a summit which probably  
wants to adopt conclusions we disagree with.”**

**ANDREJ BABIŠ // 21/6/2018**

Since the referendum in June 2016, when the United Kingdom voted to leave the EU, the Union has been attempting to consolidate itself. In the last months, this process has been accompanied by expectations of the results of important elections, particularly in Germany, France and Italy, initiatives of different Member States and European institutions, exploring options for a future format of the European asylum and migration policy or the eurozone, integration of the European defence policy, and the ongoing fragmentation between the states on the west-east and north-south axes. From the Czech side, there were – except for a few exceptions – largely voices of negativism associated with a lack of interest on the part of the key political actors, and the deliberate politicization of some aspects of the European agenda during the presidential election.

The election results in the Netherlands, France and Germany showed that the policy of continuing the European integration project prevailed. Although radical anti-integration political parties have strengthened, they did not get a share in executive power. This means that the EU will continue its progressive integration, which began after the British decision to step out of the EU, and mitigate the migration crisis of 2015 and 2016. Following the Bratislava summit in September 2016, which outlined the main policy agenda of the EU, there were other initiatives and steps directed at a more radical reform of the EU. These include, in particular, the asylum and migration policy, the eurozone and the defence and security cooperation.

In March 2017, the European Commission presented the possible scenarios of EU reforms in the White Paper on the Future of Europe. On the occasion of the 70th anniversary of the Treaty of Rome, the European Council defined in the Joint Declaration the boundaries of the future compromise when, among other things, it rejected a two-speed Europe. In September 2017, the European Council's Work Programme for the next two years was formulated as the Leaders' Agenda. According to this document, the EU should focus in particular on reforms of asylum and migration policies and the eurozone, on the future of the European budget and on the cooperation in defence and security areas.

The new French President Emmanuel Macron, in his speeches at the Sorbonne and in the European Parliament, proposed an ambitious EU reform plan going beyond these areas, focusing on the social dimension of the European policy and the internal market. Chancellor Angela Merkel responded to the French proposals only in April 2018, cautiously and in many points even vaguely; in particular those relating to the eurozone or the internal market. A joint position by Germany and France in the form of the Meseberg Declaration, adopted shortly before the June European Council meeting, showed that the two countries converged in their positions only on certain topics (such as the eurozone, asylum and migration policies). The pro-

posals of the French-German tandem encountered resistances of other countries representing both the northern (the Netherlands) and the southern wing of the EU (Italy).

These fundamental policy shifts have been met with a surprising silence from the Czech Republic. At the same time, the two elections in the period under review - parliamentary and presidential - should have defined the direction of the future Czech European policy. Political leaders of the Czech Republic, however, chose not to present their views on these deeper proposals for EU transformation.

Security and defence cooperation were no exception. A European conference was held in Prague to present the Commission discussion paper on the future of European defence, but the Czech involvement in this agenda has not surpassed the EU average. (See more in the chapter Transatlantic Relations and Security Policy) The crucial matter of the future shape of the eurozone was largely ignored by Czech politicians. In this regard, the Czech Republic has always insisted that it must be included in all negotiations, on the other hand, it reiterates that a clear reform plan of the eurozone must be known first before the Czech interests in this matter can be formulated. In general, the Czech Republic claims that the door to the euro area must remain open for all Member States and that entry conditions should not be made more difficult. The somewhat reactive-aggressive position of the Czech Republic corresponds with the rejection of the introduction of the euro by the Czech electorate and, in the foreseeable future, most of the parliamentary political parties, even those which used to be in favour of expedited entry to the euro zone.

Of all European issues, Czech attention was most focused on the future of asylum and migration policies, despite the markedly decreasing numbers of migrants arriving to the EU. The Czech Republic has devoted a substantial part of its energy and political capital to not accepting any asylum seekers both in EU resettlement programme, which made it subject to action before the EU Court of Justice, and through any voluntary initiatives. In addition, the government emphasized its position in a redundant resolution, which was supported across the political spectrum. Migration has also become one of the key themes of both parliamentary and presidential elections, though it was largely reduced to tough statements or proclamations without any follow-up in the form of concrete proposals.

The European Council summit in June confirmed the lack of consensus on the future of a common European asylum policy. The Czech representation touted as its success that there had been no vote on relocation quotas for refugees. However, due to the lack of consensus on the form of the Dublin Regulation, other interdependent elements of the planned reform are in jeopardy. These include strengthening the European Asylum Support Office, improving the collection and sharing of personal data on asylum seekers, and harmonizing the conditions for granting

asylum in individual Member States. Although the Czech Republic participates in the negotiations at a technical level, its approach suggests that it prefers to maintain the status quo, despite all its obvious shortcomings, over a major change of the existing system.

It is months before the United Kingdom is to leave the EU and circumstances under which the Brexit will take place are still not clear. Brexit negotiations were marked by the long-term inconsistency of Prime Minister May's government in its second phase. The UK government's vision for future relationship with the EU emerged only in July 2018. The price for it was a chasm within the Conservative Party and a departure of key cabinet ministers over disagreements on the so-called soft Brexit.

In February 2017, leaders of Czech parliamentary political parties issued a joint declaration on the talks on the UK's leaving the European Union. The document emphasizes the need to maintain the EU's and UK's political, economic and security relations as close as possible, taking due account of the expectations of Czech nationals and companies operating in the United Kingdom. The joint statement is broadly general, but it can be seen as an example of a good practice of uniting positions to key issues of Czech European policy. The government's statement made in April 2017 followed the joint declaration, and emphasized the need to preserve unity of position of the EU27 on the subject. It also dominated the first stage of the negotiations, in which the EU27 acted as a single bloc and negotiated guarantees for EU citizens settled in the United Kingdom and the issue of financial compensation. In both cases, the interests of the Czech Republic were respected. However, the question of the regime on the North-Irish border remains unsolved. The absence of a clear solution to this question may still cause the negotiations to ultimately collapse.

Last but not least, the draft of the next multiannual financial framework for the years 2021-2027 was introduced in the spring of 2018. In addition to the relative reduction in appropriations for the cohesion and agricultural policies, the proposal includes a significant increase in border management and migration management expenditure. However, the main Czech reactions did not reflect on the budget structure or the changes in the programmes, but, sadly, on the requirement for greater national flexibility in the management of funds.

The Czech Republic was also heard in discussions about the internal market. Firstly - together with other V4 countries - it has pushed through that the European Commission has to address the issue of dual quality food, which was eventually reflected in the proposed secondary legislation as part of a package of amendments introduced by the European Commission in April 2018 under the so-called New Deal for Consumers. In this context, it is important to note that the cooperation

between the government and MEPs significantly contributed to the success of this initiative, together with involving the Czech EU Commissioner wherever possible. Secondly, the Czech Republic made a significant contribution to finding a compromise on the much-contested review of the Posting of Workers Directive, from which, for the time being, also thanks to the efforts of the Czech Republic, the international road transport sector has been left out.

Despite the unifying momentum of Brexit, which has been further strengthened by external circumstances – Russia's continued aggressive policy or the US retreat from multilateral forums – the EU is largely fragmented on the above-mentioned issues. For the Czech Republic, the split into the western and eastern part of the EU is significant; besides migration, this new divide is manifested also in other agendas. This was apparent, in particular, with regard to dual quality food, the review of the Posting of Workers Directive, United States, or the decision to move EU agencies from Britain. The EU divide then became even more evident once the results of parliamentary elections in Hungary and Italy in the first half of 2018 came through, and the policy of the governments that emerged from them.



It is already clear that the commitments contained in the Leaders' Agenda, the work programme of the European Council for the period to the autumn of 2019, will be hardly achieved, and that the coming months will be crucial for the state of the EU in the medium term. The European Union has been undergoing transformation – one that would not necessarily require negotiating a new fundamental treaty, but one that rather takes the form of gradual changes or the definition of other common policies. The goal of the representatives of the European institutions, Germany and France, is to reach substantial agreements before the elections to the European Parliament scheduled for the end of May 2019, so that the new direction of the EU will ensue following Britain's departure from the EU and coincide with the approval of the future financial framework. For the Czech Republic, the next few months represent an important period in which the country should profile itself as a constructive player.

In the area of migration and asylum policies, disagreements across EU institutions are also taking place alongside those between Member States. However, there seems to be some consensus on the external aspects of European migration policy: Member States would like to see migration managed outside the territory of Europe. However, the concept of the so-called regional disembarkation platforms adopted by the European Council in June is still categorically opposed by North African and Balkan countries. Moreover, it is unclear how the asylum procedures

would take place in these centres, whether the EU could guarantee the security of migrants and, last but not least, what would happen with recognized refugees. In this context, Prime Minister Babiš repeatedly expressed the preference of the so-called Australian model (detention camps on islands without the possibility of applying for asylum), which, however, is not conceivable within the current legal and political framework. Czech officials would do better if they focused on the structural causes of forced migration and substantially strengthened the humanitarian and development activities of the Czech Republic abroad and at least fulfilled their commitments to international organizations in this area. The future of the reform of the European internal asylum system is no clearer at this point. The negotiations are likely to extend to the next term of the European Parliament. The Czech Republic should unambiguously support the Commission's proposal for swift completion of the changes in five out of seven reform areas that do not include the controversial relocation quotas - without any agreement on these, all negotiations on external migration policies remain halfway.

In relations with the United Kingdom, there is now a so-called soft Brexit agreement on the horizon. From the point of view of the interests of the Czech Republic, such an option would appear to be the most acceptable, as it basically serves to preserve the close economic ties and preserve the rights of Czech citizens residing on the British Isles.

In the second half of 2018, negotiations on the multiannual financial framework for the years 2021-2027 will begin. In formulating its position and priorities, the Czech Republic will have to take into account the need to focus, in the next programming period, on EU funding of areas supporting further economic development - i.e. science, research, innovation, human capital, digitization and transport infrastructure. Special attention should be paid to structurally underdeveloped regions (especially the Ústecký and Karlovarský regions), which have had problems with the drawing of EU funds. During the 2021-2027 budget period, the Czech Republic should also prepare itself for becoming a net contributor to the European budget by the end of the next decade. The key to this is to gain experience of drawing EU funds the centrally managed community programmes, where the Czech Republic has not been so successful. It is advisable to complete the transformation of the Czech-Moravian Guarantee and Development Bank into a National Development Bank, which would be responsible for preparing innovative financial instruments that would make it possible to use public funds more efficiently through the multiplier effect.

In the debate on the eurozone reform, the credibility of the Czech Republic continues to be saddled with the fact that it fails to state unequivocally whether it wants to join the eurozone, and, if so, under what conditions. The government

should therefore specify real and nominal convergence with the euro area, which is a condition of entering according to its manifesto. In the event of the transfer of the European Stability Mechanism to the European Monetary Fund and its incorporation into primary law, there is an opportunity to enforce the second condition of the Czech Republic: eliminate the one-time deposit obligation. On other issues, the Czech Republic should strive for the eurozone countries to be compelled to observe the rules, on the other hand the monetary union must be strong enough to overcome asymmetric shocks. In this sense, the eurozone's joint budget should also be supported if its use is conditional on structural reforms in the countries that draw from it. Even the Czech economy, narrowly focused on exports and engineering, may suffer similar shocks in the future. If the eurozone avoids economic difficulties and prospers, a shift in the public's view of the introduction of the euro in the Czech Republic can also be expected in the medium term.

As far as the dual quality of food is concerned, the Czech Republic needs to push through the planned legislative changes. In this respect, the government should continue to work closely with Czech MEPs who have already earned considerable respect on this issue. For this reason, it should be a priority to finalize this issue by the end of the European Parliament's current tenure.

Similarly, the Mobility Package should be a priority in order to clarify which areas of the posting of workers will be governed by special rules. The whole debate on this topic: the Czech defence of the interests of employers on the one hand, and the pressure on the socio-economic convergence of the Member States on the other, is a sensitive dilemma for the Czech Republic. Cheaper labour cannot be the long-term competitive advantage for the Czech Republic in the EU, and the Czech Republic has to expect a reassessment of this position in the future.

In 2019, elections to the European Parliament will be held, which is an opportunity to introduce key European issues to the Czech public, thus extending the debate about the EU, which in recent years has narrowed down to migration. Due to the polarization of the political environment in the Czech Republic, it is impossible to expect such thing from political parties. Initiative must therefore be taken by the civil society, experts and the media. Last but not least, the preparations for the Czech presidency of the Council of the EU, due for the second half of 2022, need to get underway.



## CONTEXT

- Negotiations on Brexit, eurozone reform, EU budget and the asylum and migration policy reform before the European Parliament elections;
  - EU divide alongside the north-south and east-west axes;
  - Risk of significant gains for anti-EU factions in the EP elections.
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## PRESENT

- Czech focus on the migration policy while ignoring other things, e.g. the eurozone reform;
  - Instrumental role in the EU east-west divide;
  - Hijacking European policy for politicking at home;
  - Polarization of the EU agenda in the Czech Republic.
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## RECOMMENDATIONS

- Strive for an agreement on a soft Brexit;
- Support an expedient finalization of the asylum and migration policy reform, the Mobility Package and the dual food quality legislation;
- Aim for a clearer formulation of the Czech conditions for joining the eurozone and be an active player in the discussion on the eurozone reform;
- Prepare for the Czech presidency of the Council of the EU in 2022;
- Improve the quality of public discourse of EU affairs before the EP elections.





# Central Europe

VÍT DOSTÁL

PAVLÍNA JANEBOVÁ

ZUZANA LIZCOVÁ



**“We have to promote – as much as we can – and develop the Visegrad Four project. If we want to stand up and mount an effective defence against the crazy stuff from**

**Brussels – be it the nonsensical directives or the attempts to foist Muslim migrants upon us – we have to be united vis-à-vis the EU. In other words, we have to unite as the Visegrad countries and not cling to Germany.”**

**MILOŠ ZEMAN // 23/3/2017**

**“Our strategic dialogue with Germany is the first format through which we contribute to good relations in Central Europe and to stability.”**

**BOHUSLAV SOBOTKA // 28/8/2017**

**“I browsed through Czech papers on my way to Paris. The headlines are somewhat monotonous, but what a relief! The Italian press was clear on this: V4 won and Germany and the Italian home affairs minister pissed off. However, I think that the decision will ultimately benefit everyone.”**

**ALEŠ CHMELÁŘ // 29/6/2018**

The development of bilateral relations with neighbours was hampered not only by the complicated situation at home and the concentration of political attention on it, but also the elections in Germany and Austria and the political environment in Poland. Regardless of this drifting, the relevance of relations with neighbours grew. However, there was little progress in the Czech relations with the closest partners.

The Visegrad Group (V4) has not been able to get rid of the label a troublesome and uncooperative actor that it has acquired as result of its response to the EU's migration crisis in 2015-2016. The Czech contribution to searching for a new, more positive mission for the Visegrad Group has been non-existent. The V4 has not been sufficiently visible in its traditional policy areas, such as the support of the Eastern Partnership or the integration of the Western Balkans into the EU, which is the EU Commission's priority. In the years 2017 and 2018, the Czech-Slovak axis was increasingly visible in the V4, which acted as an undeclared but consistent opposition to the Hungarian or Polish view of the Visegrad Group as a coercion instrument in European politics. However, when the Andrej Babiš's government took office, the Czech Republic has retreated from this direction and subjected to the confrontational tone of the Hungarian presidency in V4.

The Czech Republic tried to formulate a position against the Polish government's interference in the independence of the local justice system. Czech diplomacy did not dare to express criticism and reduced to a statement that Poland had to resolve its complicated domestic situation itself. The joint statement by representatives of Czech judiciary criticizing changes in the Polish justice system was perhaps the sole exception. In summer 2017, justice minister Pelikán took the side of the critics by sending a letter of objection to his Polish counterpart.

However, a certain detachment from Poland was evident from the Czech side. The Czech Republic was sceptical of the Three Seas Initiative, which – as it claimed – lacked added value. In 2017, after several years, there was no joint Czech-Polish meeting of government delegations. Although it had been planned, it was cancelled mainly due to the political crisis in the Czech Republic – this was a mistake as the meeting could have served to clarify the Czech position vis-à-vis the situation in Poland and to make progress with the advanced bilateral agenda. There has been no significant progress in the longstanding bilateral environmental concerns (for example, the expansion of the Bogatyn brown coal mine) or border debt. At the same time, defence and military cooperation developed and deepened, when an agreement was reached on the Czech Republic's involvement in the NATO Very High Readiness Task Force that will be led by Poland in 2020.

Relations with the key partner, Germany, were in 2017 under the influence of the German federal elections in autumn. In the first half of last year, several commemorative events took place on the anniversaries of the Czech-German Declara-

tion (1997) and the Czechoslovak-German Treaty (1992). The strategic dialogue has continued, in which it is necessary to highlight the agreement on intensification of the military cooperation. The recently elected German President Steinmeier also came to Prague to visit his counterpart, which, in view of President Zeman's confrontational views on a number of topics relevant to Germany, can be perceived as a nice gesture.

The Czech-German relations are thus now in a relatively calm phase. Sectoral co-operation, which, through strategic dialogue, is equipped with sufficient instruments, continues and is developing further. But this is in a stark contrast with the evident political alienation of both countries. Due to the non-liberal tendencies in Poland and Hungary, Central Europe has become a rather problematic region for Germany. However, the Czech Republic has failed to take advantage of the situation in which it was perceived as the more stable and predictable Visegrad player, and has not come up with constructive proposals, whether at bilateral or EU level. Even the German election campaign resonated with signs of mutual disagreements during the migration crisis, which are likely to leave deep marks on the political and social surface. While communication between the two countries at the institutional level is standard, on a higher level there have been hindrances: the absence of a government with the confidence of the Parliament, growing lack of co-operation between political parties after the elections in both countries, and major personnel reshuffles in both parliaments that have interrupted parliamentary and personal cooperation.

In August 2017, a joint meeting of the Czech and Slovak Prime Minister, the Austrian Chancellor and the French President took place within the so-called Slavkov Cooperation. The talk was mainly about the posting of workers legislation. Even after the change of government in Austria and the Czech Republic, there is a will for the representatives of all three countries to continue the co-operation initiated by the three Social Democratic prime ministers. The meeting of the Austrian and Czech presidents can be seen as a good thing, considering the fact that president Zeman openly supported Van der Bellen's opponent Hofer in the elections in 2016. The fundamental differences in their views persisted, but the presidential meeting was an important gesture.



In relation to its neighbours, it will be relevant for the Czech Republic in the short and long term that Germany's European policy will concentrate on the issues of eurozone reform, migration and Brexit. In addressing these issues, Central Europe and, by and large, the Czech Republic only play a secondary role, and Berlin's

attention will be even more concentrated away from the Czech Republic and its needs. In view of the confrontational approach of Poland and Hungary, and with respect to the V<sub>4</sub>'s reaction to the 2015-2016 migration crisis, German foreign policy thinking may reinforce the view of Central Europe as a non-cooperative space and a source of vague protests and unpredictable problems.

It is essential for the government to establish working contacts with the new German cabinet as quickly as possible. It is advisable to first focus on those federal ministers who have a relationship to the Czech Republic (e.g. the transport minister Scheuer). It would be good to start developing relations with the successors-in-waiting to Chancellor Merkel who would take office after the end of her mandate. Instead of spending time and capacity in areas with little chance of a convergence of views (the controversial migration issues), constructive areas of cooperation need to be identified. In this context, the importance of the strategic dialogue as a supporting instrument with a still untapped potential needs to be reaffirmed. It would make sense to focus on key areas where tangible and visible results can be generated which could serve as a model for cooperation in other sectors of the dialogue. With a view to all these tasks, an experienced diplomat should be chosen to fill the important post of Czech ambassador in Berlin in the next scheduled rotation.

Intersections between Czech and German positions can also be found in the future of the EU. There is a space for creating a wider coalition of countries that, together with Germany, would seek to draw attention to issues such as the openness of the eurozone or the inalienability of the internal market in the upcoming debate on the reform of the common currency. Such an initiative should come before the summit on the future of the EU, to be held in Sibiu, Romania in May 2019, where the European Commission and the European Council are expected to set a direction for further EU reform.

Unlike the Hungarian presidency of the V<sub>4</sub>, the Slovak presidency is expected to have a less ambitious agenda and to attempt to present the V<sub>4</sub> more positively in the EU. Such initiatives are in the essential interest of the Czech Republic, which should cooperate closely with Slovakia. As the Czech V<sub>4</sub> presidency will directly take over from Slovakia in July 2019, collaborative drafting a common agenda or priorities is not unfathomable. However, the pragmatic alliance with Bratislava cannot be overestimated, especially if the counterbalancing of Poland and Hungary is limited to relations within Visegrad as it has been to date, while it is not practically visible in the broader European context.

The bad reputation of Visegrad, which has been compounded by the public statements of its representatives and by refusing to participate in the search for a new form of European asylum and migration policy, will be a major obstacle to promoting wider regional interests next year. A constructive approach to ongoing

discussions on reforming the EU common asylum and migration policies and the rejection of using the V<sub>4</sub> in connection with this subject to score political points at home, as the Hungarian or Polish governments have been doing, could contribute to improving the image of V<sub>4</sub>. Of course, only assuming that the Czech Republic will also abstain from this approach. Although the results of the June European Council were presented by the Czech Republic as a victory for the Visegrad Group, as the compulsory relocation scheme was rejected, the true value of Visegrad cooperation on European issues only emerges on issues that are practically relevant for V<sub>4</sub> countries. In 2018, the EU's multiannual financial framework negotiations will be fully launched, and it will test the V<sub>4</sub>'s condition as a platform for promoting common interests at European level.

In the case of the continuation of the procedure under Article 7 of the EU Treaty against Poland, its further isolation in the EU can be expected, which will put pressure on Czech-Polish relations. If Poland does not make or promise concessions, the Czech Republic should admit that there is a risk of a violation of EU values by Poland. This, however, ought to be followed up with efforts to maintain strategic relations with Poland. The complicated domestic situation does not prejudice the importance of Poland in both bilateral and multilateral relations, in the field of security in particular. The Czech Republic should immediately start preparations for a joint meeting of government delegations that did not take place in 2017. Ministers of the new Czech government must establish contacts with their Polish counterparts. In addition to addressing the bilateral agenda on the environment, transport infrastructure and energy, there is a need to continue to deepen cooperation in the defence and military fields. The events of 1918, 1938 and 1968 should also be remembered.

Vis-à-vis Austria, the Czech Republic should continue to foster relations in sectoral agendas and, in addition, actively seek to continue Slavkov Cooperation. Despite the Freedom Party's participation in the government, Austria seeks to act as a constructive partner and mediator of different interests in European politics. The Slavkov Cooperation can therefore become platform for finding compromise solutions within the Central European space. The Austrian presidency of the Council of the EU (July-December 2018) provides a good opportunity to give an impetus to this cooperation. Although the recent rhetoric of Vienna could give the impression of interest in strengthening relations with the V<sub>4</sub>, it is not yet clear whether this also concerns areas other than just trying to prevent illegal migration, and its importance therefore should not be overestimated.

The importance of relations with neighbours has grown in recent years, and the need to work to maintain and improve bilateral and multilateral relations in the Central European space will not diminish. It will be essential for new Czech min-

isters to establish working relationships with their counterparts. Efforts will also be required to improve the V4's reputation in the EU. If a breakthrough in this area is not achieved, Central Europe will continue to be perceived as a problem by its Western European partners, which may have a fatal impact on the region in debates on the future of the EU.





## CONTEXT

- Germany pays more attention to other important European issues than Central Europe;
  - Confrontational approach of Poland and Hungary vis-à-vis the EU and Western Europe;
  - V4's instrumentality in migration issues;
  - Test of V4 cohesion and relevance in the talks about the future of the EU budget.
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## PRESENT

- Growing distance between the Czech Republic and Germany in European issues;
  - The Czech Republic accommodating to the tone of Hungary (and Poland) on European policy issues;
  - V4's resignation on attempts to search for and adopt a more cooperative attitude.
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## RECOMMENDATIONS

- Intensify cooperation with Germany in European matters;
- Formulate a positive agenda for the V4 and prepare for the Czech presidency;
- Foster contacts on the platform of sectoral cooperation.





# Eastern Europe

**PAVEL HAVLÍČEK**

**MICHAL LEBDUŠKA**



**“However the sanctions did not force Russia leave Crimea.  
The Minsk Agreements do not work. The question is – what next?”**

**ANDREJ BABIŠ // 5/10/2017**

**“Yesterday we commemorated four years since the  
Russian annexation of Crimea. The Czech Republic supports  
restoration of sovereignty and territorial integrity of Ukraine. There  
is no reason to change the sanction policy towards Russia  
without meeting the Minsk Agreements.”**

**MARTIN STROPNICKÝ // 19/3/2018**

**“The Czech Ministry of Foreign Affairs regrets that  
the Russian diplomacy has repeatedly – and in a  
manipulative way – associated the Czech Republic with  
the deployment of a nerve agent in Salisbury.”**

**MINISTRY OF FOREIGN AFFAIRS OF THE CZECH REPUBLIC // 4/4/2018**

**“In the case of Nikulin, who had been charged in  
the United States with a number of serious crimes, we made  
a sovereign decision based in independent judiciary,  
including the Constitutional Court. It is inappropriate to  
look for any conspiracy behind the standard and transparent  
steps taken by the Czech courts and the government.”**

**MINISTRY OF FOREIGN AFFAIRS OF THE CZECH REPUBLIC // 4/4/2018**

The situation in Eastern Europe continues to be under the influence of the unprecedented Russian aggression towards Ukraine in 2014, which has led to a fundamental reassessment of relations between the individual countries of the region and the EU Member States and NATO respectively. Russia became internationally isolated and sanctioned, while the three countries of the Eastern Partnership (Ukraine, Georgia and Moldova) have gradually signed association agreements with the EU. In this context, the foreign policy interests of the Czech Republic appear quite clear. However, the Czech Republic has not yet been able to significantly strengthen its position in Eastern Europe or contribute to the improvement of stability and security in the region, despite its non-confrontational position (for example, the lack of a common border and the problems resulting therefrom, the minimal historical burden of relations or the dense network of embassies in the region).

Czech-Russian relations have undergone a dynamic development in the past, which included both the elements of convergence, especially in the economic context, and the deepening of the political schism. The Czech government decided to politically and diplomatically support the UK and expel three Russian diplomats from its territory to protest against the poisoning of the former agent Sergey Skripal and his daughter with a Novichok-type nerve gas. Russian diplomacy marked the Czech Republic as one of five possible countries of origin of this chemical, which the Czech Republic denounced, and the Foreign Ministry summoned the Russian ambassador. On the other hand, the Czech president sided with the Russian interpretation of the case. Further discussion about the Novichok and the role of the president throughout the affair in the plenum of the Chamber of Deputies was prevented by ANO, KSČM (the Communist Party) and SPD (Freedom and Direct Democracy). Shortly afterwards, another affair escalated – the jailed Russian hacker Yevgeniy Nikulin was extradited, by decision of the justice minister Pelikán, to the United States. He did not accept Russian requests for extradition. The Russian Embassy criticized this move, as did the Office of the President of the Republic. In both cases a clear conflict arose between the representatives of the Czech government and the president, when the government rightly favoured the allies, while the president accepted the Russian position.

The Czech Republic sees an economic opportunity in Russia, although the Russian market remains very unpredictable, and the Czech Republic has several irrecoverable claims, which were backed by the Czech Export Bank in the past and secured by Export Guarantee and Insurance Company (EGAP). According to EGAP, Russia remains the country with the largest total outstanding debt. This issue was addressed in April 2017 by the Czech-Russian Intergovernmental Commission for Economic, Industrial and Scientific and Technical Cooperation, but without much progress.

In May 2017, president Miloš Zeman announced his intention to meet with his counterpart Vladimir Putin to create a Czech-Russian Discussion Forum, which subsequently took place during a presidential visit to Russia in November of the same year. Without sufficient communication from the Ministry of Foreign Affairs, the Institute of International Relations, which sponsors the Czech side, and from the Prague Castle, this initiative entered the highly polarized Czech debate on Russia, and was met with opposition from the expert community. The first session of the Czech-Russian Discussion Forum in June 2018 did not lead to the achievement of the stated goals. There has been no deepening of professional co-operation (e.g. access to Russian archives) nor any real dialogue between the Czech and Russian parties.

In relation to Ukraine, the Czech Republic has long towed the EU line, despite the repeated rejection of sanctions by president Zeman and their questioning by Andrej Babiš. According to the prime minister, the sanctions did not force Russia to leave Crimea, which proved them ineffective. The relations between Ukraine and the Czech Republic were being undermined by various incidents on the part of the Czech president and other political representatives. The most serious of these was Zeman's speech before the Parliamentary Assembly of the Council of Europe, in which the Czech president proposed that Ukraine accepts a financial compensation for the annexation of Crimea and resigns to the loss of its territory. Senator Jaroslav Doubrava with the MEP for the Communist Party Jaromír Kohlíček then visited Crimea in April and July 2018, which was protested by the Ukrainian embassy in Prague. In an interview with Russian media, Kohlíček advised local businesses how to bypass the sanction regime against Russia. A similar controversy was caused in May 2018 by the Social Democrat MP and new vice-chairman of the party Jaroslav Foldyna, who publicly supported the Russian Night Wolves biker gang during their passage through Prague. This group is well-known for its close ties to the Putin regime and the active support of the Russian annexation of the Ukrainian Crimean Peninsula, as well as for the involvement of some of its members in the aggression against Ukraine in Donbas.

On the European scale, the most important event was the introduction of visa-free regime for the citizens of Ukraine and the completion of the ratification process of the Association Agreement, which came into force on 1 September 2017. Together with the Free Trade Agreement, it introduces EU standards into the Ukrainian law, improving the environment for Czech investors and exporters. Last May, an important visit was held by the defence minister Martin Stropnický in Kyiv, during which the export of Czech military material was unblocked and an agreement on expanding military cooperation took place. The cooperation took off at the level of the Ministry of Industry and Trade in the form of a meeting, after a nearly five-year break, of the intergovernmental commission in June 2017 and again in 2018.

Despite the declared support for the Eastern Partnership before the Brussels summit in November 2017, the Czech political representation – unlike the Polish and Swedish – has mostly resigned from the public defence of the EU's Eastern policy and from the presentation of proposals for its expansion. The Czech Republic has not followed up on the ambitious initiative of the European Parliament, the Eastern Partnership plus, which would raise relations between the three associated countries and the EU to a qualitatively higher level. The absence of a strategy how and where the relations should be before the next two-year summit is undermined Czech Republic's attitude towards this long-declared priority of Czech foreign policy. This fact did not change the confirmation of Georgia and Moldova as priority countries and of Ukraine as a specific country in the new Foreign Development Cooperation Strategy of the Czech Republic 2018-2030.



Russia continues to push for a revision of its international status and the reorganization of international relations, in which it would play a more crucial role. The Czech Republic should continue to take cautious approach and not allow it to divide the EU Member States through bilateral relations. Therefore, it will be important to take position against Russia along with its allies within the EU and NATO. The demonstration of the fulfilment of allied commitments is an active involvement of the Czech Republic in NATO's Enhanced Forward Presence in the Baltics. Finally, the Czech government should not only continue to support the sanction regime against Russia, as long as the reasons that led to their implementation remain, but also make proposals for their reinforcement in the case of renewed Russian aggression. In addition, the Czech Republic should campaign on the international fora to fulfil the mandate of the Special Monitoring Mission of the Organization for Security and Cooperation in Europe. In the event that the UN peacekeeping mission with a strong mandate on the internationally recognized borders of Ukraine is considered, the Czech Republic should support it. With regard to the construction of new nuclear capacity, to which Babiš's government has committed itself in its manifesto, the Czech Republic should also take into account the strategic aspect and prioritize an option which does not reinforce energy dependency on the Russian Federation.

The implementation of the Association Agreement is now crucial for the European perspective of Ukraine, as it reinforced its economic and political ties with the EU and would allow for further deepening of its integration. Given the relatively low level of contacts at the highest political level after 2014, it would be



appropriate to organize a visit of the prime minister in the company of a trade mission. At the same time, the Czech Republic should provide Ukraine with the broadest possible assistance with the implementation of reforms and continue to share the experience of transformation or to support the anti-corruption activities of the civil society. At the same time, it is necessary to criticize the lack of political will to implement the reforms, especially in view of the forthcoming presidential and parliamentary elections next year. Once these prerequisites have been met, the business environment will be improved, which the Czech Republic should use by focusing its export policy on the Ukrainian market.

It is advisable for the Czech Republic to be more active in contacts with other EU Member States, whether they positive or sceptical to the Eastern Partnership, and work more closely with the European Parliament to provide the three associated countries with additional support for the development of their relationship with the EU. In 2018 and 2019, the Czech Republic should support the Eastern Partnership countries in achieving the Deliverables 2020 work plans, particularly in its traditional domain of public administration reform. Similarly, it is necessary to provide political, technical and financial assistance in implementing the Association Agenda to Ukraine, Georgia and Moldova, without leaving out the post-revolutionary Armenia. At the same time, the Czech Republic should work actively on the strategic vision for the development of the Eastern Partnership after 2020, commemorate the 10th anniversary of the initiative and have the ambition to hold the Eastern Partnership Summit in Prague during its presidency of the Council of the EU in 2022, thus confirming its interest in this policy.

In recent years, relations between Russia and the West on the one hand and Ukraine and Georgia have plighted by the Russian aggression on the other. Therefore, it is a key task for the Czech government to improve and intensify the mutual contacts with the three associated countries of the Eastern Partnership, and to deepen not only the economic, but also security cooperation in the case of Ukraine and Georgia. Implementation of the association agreements in combination with the reputation of the Czech Republic in the post-Soviet space is an opportunity for Czech politicians and investors, which should not be missed. At the same time, the Czech diplomacy must convincingly explain the Czech approach to the Eastern Partnership and Russia, thereby strengthening the common Euro-Atlantic position.



## CONTEXT

- Russia's aggressive policy towards its neighbours and the West which aims to divide;
  - Fragile European consensus on Russia;
  - Parliamentary and presidential elections in Ukraine which will decide the country's future direction;
  - Lack of will on the part of most EU countries to strengthen the Eastern Partnership.
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## PRESENT

- Challenging the effectiveness of sanctions against Russia by key Czech political figures;
  - Prioritization of Russia in economic relations;
  - Supporting democracy, human rights and transformation in most member countries of the Eastern Partnership;
  - Lack of political interest in the Eastern Partnership.
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## RECOMMENDATIONS

- Support a joint EU-NATO action against Russia's aggressive policy;
- Pay regard to strategic risks involved in the project of building new nuclear capacity;
- Promote reform efforts and further pro-European orientation of Ukraine;
- Develop a strategic vision for the development of the Eastern Partnership after 2020.




# **Transatlantic Relations and Security Policy**

**PETR BOHÁČEK**

**JAKUB KUFČÁK**





**“Donald Trump behaves out of line and he disappointed me. When he flew to Warsaw, he could have landed in Prague for half an hour and say: ‘Okay, I’m happy to be here in Prague, my first wife was born in Czechoslovakia, my daughter is half-Czech, it’s nice to see you. And we could discuss those helicopters.’”**

**ANDREJ BABIŠ // 5/10/2017**

**“The Czech-US relations have never been so dire and meaningless as they are today for the Czech foreign policy and the Czech Republic as a whole.”**

**IVAN GABAL // 13/9/2017**

**“We should get used to it by now that nothing can be predicted during the Trump administration.”**

**HYNEK KMONÍČEK // 29/8/2017**

Transatlantic relations have been more confrontational since the arrival of Donald Trump as President of the United States. The current US foreign policy is characterized by unpredictability, unilateralism and overall subduing to internal political demand. This approach is reflected, for example, in the abandonment of a number of multilateral agreements, including the Paris Climate Convention and the nuclear agreement with Iran, or the imposition of import duties on steel and aluminium from the EU. Another dangerous factor is Trump's transactionalism, which has been apparent in negotiations with North Korea and Russia.

Although the turnaround in the foreign policy concept and the tough rhetoric towards European allies has led to value split and political alienation, the United States continued its constructive steps in the security policy domain, and also increased resources for their military presence in Europe as part of the European Deterrence Initiative. Within NATO, they advocated that, alongside the NATO Response Force and the Very High Readiness Joint Task Force, the Alliance had other robust resources available within a short time horizon under the Readiness Initiative. The US activity in NATO was marked with a decisive, somewhat stubborn pressure to increase defence spending by European allies.

The second important trend in the field of security policy was the materialization of European security cooperation. At the end of 2017, a Permanent Structured Cooperation (PESCO) was launched, involving almost all EU Member States. In 2018, 17 PESCO projects were selected in the first wave. Under the French leadership, a European intervention initiative was set up in June 2018 to coordinate the military forces of the participating countries and stand outside NATO and EU structures. Last but not least, the creation of a European Defence Fund was approved in order to coordinate and support military research and development. For the first time, funds from the EU budget will be directed into the military sphere.

The Czech response to ongoing transatlantic relations and the integration of European security was underwhelming. Budgetary outlooks no longer foresee any increases of defence spending to the promised 1.4% of GDP by 2020, and the Czech Republic is not making any allowances for the subsequent steep increase in 2020-2024. Major defence contracts (helicopters, infantry combat vehicles, 155mm howitzer guns) suffer constant delays, which cast doubts over the rearmament of the mechanized brigade – one of the main commitments to NATO. At least, the Czech Republic endeavoured to fulfil its commitments in military missions. In 2018, it joined the Enhanced Forward Presence by sending units to Lithuania and Latvia, and it was decided to increase Czech contributions to missions in Afghanistan and Iraq.

In the Czech-American bilateral relations, there has been no significant shift. Despite a number of promises, there has been no meeting at the presidential level.

However, the visit of the President of the House of Representatives to Paul Ryan in March 2018 in Prague was symbolically significant, followed by Radek Vondráček's trip to the USA in July. In April 2018, the Russian hacker Yevgeniy Nikulin was extradited to the United States, even though Russia was demanding extradition. This decision of the Minister of Justice was criticized by the Office of the President of the Republic.

The Czech Republic was one of the initiators of the European structured defence co-operation. The Czech interest in this area was also supported by the presentation of the European Commission's discussion paper on the future of European defence at a conference in Prague in June 2017. The Czech Republic subsequently did not receive support for any of its own PESCO projects, which had been put together rather hastily, and it will thus only be a cooperating partner in three first-phase projects. Czech activities in the area of industrial co-operation, where the Ministry of Defence promoted the easier involvement of small and medium-sized enterprises in the European Defence Fund, can be viewed positively.



It cannot be expected that the foreign policy of the Trump administration will see significant changes, and tensions in transatlantic relations will most likely continue. The distance between the EU and US respective positions on a number of global issues will continue to grow, as will Washington's pressure to increase European defence spending. The United States will also continue to bilateralize relations with European partners, with exclusive relations attempted with on countries more dependent on the Alliance's deterrence.

Trump's trade policy and retaliatory European measures may negatively affect Czech exports to the United States. However, the United States is too important as a market for Czech companies, so the Czech Republic is not likely to want to further worsen Euro-American trade relations. Therefore, at the European level, the country should support negotiations with the US instead of a possible escalation of the trade war.

The centennial anniversary of Czechoslovakia's independence, to which the United States has made a significant contribution, and the related establishment of mutual relations, have a unique symbolic value for mutual relations and should be appropriately commemorated.

The building of European defence cooperation will continue, but its resulting format is not yet clear. The compromise will thus be sought between the French model of European strategic autonomy, Germany's inclusive approach and the in-

terest not to disrupt the transatlantic link that is Poland's particular interest when it comes to European defence integration.

Given the poor condition of transatlantic relations and the need for US military presence in Europe to ensure Czech security, the Czech Republic should contribute to strengthening the European pillar of NATO. Involvement in the Enhanced Forward Presence in the Baltics is a necessary step for the Czech security policy. The minority government will have to rely on opposition votes when approving military missions in the Chamber of Deputies, and should seek a framework agreement on these issues. The Czech Republic should primarily focus on strengthening its military competence and capability and on continuing military cooperation with Germany and Poland. The assumption is, of course, that the defence spending is increased and obsolete military technology upgraded. The Czech Republic should be able to increase its commitment to the collective NATO defence from one mechanized brigade to two by 2030.

The Czech Republic should again try to have its own PESCO project linked to the defence industry. In this regard, cooperation in the development of passive radar technology stands the highest chance of success. The project should be ambitious and involve Czech companies, which have an excellent track record in the field of radar technology. It is also necessary to involve the Army of the Czech Republic in obtaining support for its own PESCO projects.

The Czech Republic should also prepare for the need to compete for funding from the European Defence Fund. Technology-based projects with a clear benefit for EU capabilities will be particularly successful. It is in the interest of the Czech defence industry that the funding is not allocated only to West-European conglomerates. Small and medium businesses from Central and Eastern Europe must also have access to the fund.





## CONTEXT

- Further confrontation in transatlantic relations;
  - US pressure on Europe to increase defence spending and military capability;
  - Completion of NATO's adaptation to changes in the security environment;
  - Reinforcement of the European security, defence and military integration.
- 

## PRESENT

- Slow rate of defence spending increase and rearmament of the Czech Army;
  - Underwhelming activity of the Czech Republic in the European defence and military cooperation;
  - Government's reliance on democratic opposition for the approval of military missions.
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## RECOMMENDATIONS

- Increase defence spending and improve military capability;
- Contribute more to NATO collective defence;
- Be more active in the European defence cooperation;
- Prevent escalation of the EU-US trade wars.






# Middle East

**TOMÁŠ KAVÁLEK**

**TOMÁŠ NYČ**





**“We are the only member state of the EU and NATO to have an ambassador in Syria, which means we give legitimacy to the regime.”**

**PETR KOLÁŘ // 22/2/2018**

**“We are not in Syria because of ourselves. We do a lot of work for other countries, too, with the blessing of the European Union.”**

**LUBOMÍR ZAORÁLEK // 22/2/2018**

**“Israel and its heroism are an example and encouragement for us.”**

**MILOŠ ZEMAN // 17/12/2017**

**“The Czech Republic, together with other members of the EU, regards Jerusalem as the future capital of both countries: the State of Israel and the future State of Palestine.”**

**MINISTRY OF FOREIGN AFFAIRS // 12/12/2017**

In 2017 and in the first half of 2018, Czech foreign policy in the Middle East was influenced by continued armed conflicts and rivalries between regional and global players. Despite the military defeat of ISIS at the end of 2017, the region is still unstable. The war in Syria continues and the parameters of its political solution are unclear. Even in Iraq, the defeat of ISIS did not bring about the desired stabilization. Regional actors such as Turkey, Iran, Israel, Saudi Arabia and other Gulf countries aspire to strengthen their influence. Global players, the US and Russia, maintain a vital military political and economic presence in the region, complicating the situation even more. In the absence of clear strategic goals in the Middle East, the Czech Republic fails to promote a coherent foreign policy. The relation to individual actors in the region has not changed in any significant way.

The relations between the Czech Republic and Israel have been strong and have been in the spirit of a continuing strategic partnership. There have been major meetings and negotiations at government level. The outcome was the deepening of cooperation in a number of areas, particularly in science, research and security cooperation. For example, Deputy Prime Minister Bělobrádek signed a Memorandum of Cooperation with the Weizmann Institute of Sciences in March 2017 during his visit to Israel. It is clear that both parties have an eminent interest in continuing privileged relationships. Trade is showing long-term growth; in 2017, Israel became the third largest export destination outside the EU.

The Czech Republic has continued to reflect the deteriorating Israeli-Palestinian relations and criticized the permission to extend the construction of settlements in the West Bank. In the context of the decision to move the US Embassy to Jerusalem, the government maintained a neutral stance. It has confirmed the support of a two-state solution similar to the EU. President Zeman, however, called for the Czech Embassy to be moved to Jerusalem, which was in contradiction with the government's position. Despite the privileged relationship with Israel, the government maintained an adequately balanced position.

The continued Czech support for EU ties with Turkey and its perception as a strategic partner in the region persisted. The Czech Republic also supported Ankara's interest in modernizing the customs union with the EU. In bilateral relations, economic cooperation was crucial, with Czech companies Metrostav and Energo Pro securing contracts for CZK 1.3 and 6 billion in 2017. During the Czech Presidency of the Council of Europe, Minister Zaorálek criticized the poor state of the rule of law in Turkey, on the other hand, he took a neutral stance on the controversial referendum on the fundamental strengthening of the presidential powers. In April 2017, the Chamber of Deputies first labelled the slaughter of the Armenians in 1915 as genocide. Denying the Armenian genocide has a major political and economic significance for Turkey, as its recognition would open the area for claiming

compensation to the affected Armenian families. Turkey also expects its strategic partners not to recognize officially the Armenian genocide. The Czech Republic also did not extradite the leader of the Kurdish Kurds Salih Muslim wanted by Turkey in February 2018, to which Turkish officials responded to the accusations of the Czech Republic of supporting terrorism.

However, the position of the Czech Republic against the alarming internal political development and the strengthening authoritarian elements of the Erdogan regime did not remain completely uncritical, although the Czech response could have been much more systematic. It can be assumed that any critical steps would not negatively affect economic relations.

In April 2017, a chemical attack was committed in Syria for which the West blamed president Assad. It was met with a US bombing the Shayrat base. In April 2018, Damascus and Homs were bombarded in response to the chemical attack in Duma, which was also credited to the Syrian government. The Czech Republic voiced support for the allied assault as a deterrent – to send a message to all actors in the Syrian conflict about the unacceptability of the use of chemical weapons. Iran continued to build a military presence in the country with the consent of the regime, which Israel and the US consider to be a threat. Despite these events, the Czech Republic continues to maintain the embassy in Damascus as the only EU country, giving the legitimacy of the Syrian regime and its war crimes.

Another important agenda was preparation for post-conflict reconstruction in Syria, where opportunities for Czech companies are expected. According to Czech diplomacy, the uninterrupted presence of the diplomatic mission in Damascus could be an advantage. However, these plans are uncertain in the context of the fundamental political and economic influence of Russia and Iran. Given the general foreign policy orientation of the Czech Republic, the maintenance of economic and political relations with the Syrian regime is inappropriate.

The Czech Republic provided development and humanitarian assistance to the victims of wars in Jordan, Lebanon, Syria and Iraq. Jordan and Iraq have also been involved in security co-operation in the fight against terrorism. In Iraq, as in Syria, opportunities are expected for the economic recovery of the country after the defeat of ISIS. Prime Minister Sobotka visited Iraq in August 2017, where he was dealing with continued security and economic cooperation. In February 2018, a Czech delegation attended a conference on post-war reconstruction of Iraq held in Kuwait. These efforts demonstrating the interest of the Czech Republic in the further development of economic cooperation can be viewed positively and are in line with the policy of the Western Allies.

The Czech Republic continued to develop trade relations with Tehran, which corresponded to Iran's desire to establish closer relations with Central and Eastern

Europe. Diplomatic relations were enhanced by the appointment of the Czech ambassador in Tehran. An important bilateral investment treaty was also been signed. The full development of economic relations with Iran, however, is hampered by the uncertain fate of the nuclear programme agreement, which is even more in jeopardy after the US pulled out in May 2018. The Czech Republic, on the other hand, supports the continuation of the agreement, in line with the position of the EU. The already negotiated contracts in the order of hundreds of millions of crowns have not yet materialized. The main obstacle is the reluctance of banks to provide financing for similar projects. On the other hand, the Czech Republic failed to criticize not only the domestic political situation, but primarily from the regional policy of Iran, which further destabilizes the Middle East. Iran's attempt to establish a network of rogue armed groups loyal to Iran in Iraq, Syria, Lebanon or Yemen is in stark contrast to the interests of the Czech Republic and its allies.



Despite the conventional defeat of ISIS in 2017 in Iraq and Syria, the Middle East region will continue to be a region of instability in the immediate future as well as the medium-term horizon. The rivalry between regional and global actors, whether in the political arena or through the support of local armies involved in local armed conflicts, will continue. At the regional level, Saudi Arabia and its allies will continue to interfere with Iran's efforts to strengthen its influence in the region through the support of armed non-state actors with loyalties to these countries. Continued tensions on the Arabian Peninsula and exacerbating political and security instability in Iraq can be expected. Even though it may appear that in Syria, Assad's regime seems to be succeeding in taking back control in rebel-occupied territories, the specific parameters of a political solution to the conflict are not clear. Turkey is also a potentially destabilizing element, which stubbornly opposes Kurdish armed groups in the region, some of which – those operating in Syria – are supported by the US.

The ongoing developments in the region will inevitably lead the Czech foreign policy to have to perceive this region primarily in terms of security, with the threat of Shiite and Sunni militant Islamism still present. The Czech Republic should therefore continue to participate in capacity building and stabilization of local states, which requires a concentrated military-political effort in coordination with local governments. It is advisable to continue the cooperation with Jordan and Iraq. Similarly, the Czech Republic should continue to systematically



provide humanitarian aid and development cooperation in the countries affected by the wars in Iraq and Syria.

The Czech Republic will generally be forced to respond to the rivalry of regional and global players in the Middle East. Czech diplomacy will have to deal with two major issues in the coming period: First, maintaining an agreement on the Iranian nuclear programme, whose fate is uncertain after its rebuke by the US, and secondly, the solution to the conflict in Syria.

The Czech Republic should take a harder stance on Iran in relation to its regional policy. Iran supports a number of Shiite militias and terrorist organizations, such as Hezbollah in Lebanon, and that pits the country strongly against the Sunni camp and Israel, which are partners of the Czech Republic and its allies. Israel and the Middle East Sunni countries are also more important business partners than Iran. With regard to the retention or renegotiation of a new agreement on the Iranian nuclear programme, the Czech Republic, through the EU, should take a tougher position in any new negotiations, which would ensure stricter control of any nuclear programme in Iran.

The Israeli-Palestinian conflict is not nearing solution; quite the opposite. The situation is further exacerbated by the internal political situation in Israel. In the West Bank, and especially in the Gaza Strip under the rule of the radical Hamas movement, a more conciliatory attitude cannot be expected. The Czech Republic strives to promote a balanced policy and maintains good relations with both parties. But the truth is that Israel has an exceptional position in Czech foreign policy, but sometimes at the expense of the uncritical acceptance of some Israeli actions. More criticism of controversial actions by Israel would benefit the Czech Republic in relations with the Palestinian Party and other Arab states. Even so, it is advisable to continue the strategic partnership with Israel.

In the past years, the Czech Republic has successfully built on decades of good relations with a wide variety of actors in the Middle East. However, the Czech foreign policy in the region can be described as broad-stepping and oscillating between alliances to actors with conflicting interests. Given the continued fragmentation and instability there, accompanied by the competition among local players and global powers, this policy seems unsustainable. For example, a strategic partnership with Israel, while deepening relations with Iran in its current non-critical form, will necessarily run into its limits. The relatively good relations with the Syrian regime and the promise of post-war investments seem to be pragmatic, but they go against the Czech human rights policy and key partnerships with the US and other Western allies.

The Czech Republic must therefore be prepared to resolve these contradictions in foreign policy towards the Middle East: it is likely to be forced to de-

clare a clear affiliation to selected partners in the light of regional development. Czech diplomacy must prepare for the eventuality of changing the distribution of forces and the geopolitical situation. The Czech Republic should state a clearer position and choose its priority countries in accordance with the priorities of its Western allies. Otherwise, the Czech position will be undermined in the debates on a common approach in the Middle East within the EU, which the uncertain prospect of profits from economic diplomacy cannot outweigh. With regard to Czech interests, Sunni countries appear to be more suitable choices than those of the so-called Shiite camp, such as Iran or Syria. Closer relations with the Sunni Arab states in North Africa and the Arab Peninsula are more compatible with the continuation of the strategic partnership with Israel.

Czech foreign policy should not resign on its traditional normative dimension. The tension between value-oriented and pragmatic foreign policy is, also in the Middle East, starting to favour economic issues at the expense of human rights and democratization policies. The Czech Republic has not been sufficiently critical of domestic and foreign policy developments in countries such as Iran, Turkey or Egypt, where the Sissi regime moved sharply to authoritarianism. The Czech Republic, like other EU countries, clearly prefers the predictability and stability of local regimes, albeit undemocratic, against precarious uncertainty and further instability that has become characteristic of the region after the wave of Arab revolutions. The Czech Republic should strive to have a positive effect on local regimes, primarily on the platform of the EU.



## CONTEXT

- Continuing instability in the Middle East;
  - Geopolitical rivalry among regional and global players;
  - Continuing conflict in Syria;
  - Exacerbation of the anti-Arab policy of Israel.
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## PRESENT

- Broadly-stepping and mutually exclusive Czech policy in the Middle East;
  - Prioritization of trade relations over value-based principles;
  - Problematic engagement in Syria;
  - Lack of a critical Czech position on Israel.
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## RECOMMENDATIONS

- Resolve the contradiction and select key Middle Eastern partners compatible with commitments to allied countries;
- Take position on the domestic situation in Israel;
- Systematically provide humanitarian aid and strengthen development cooperation;
- Promote democracy and human rights.





# East Asia

**VÁCLAV KOPECKÝ**



**“A president of one of the five biggest Chinese corporations personally comes to the Czech Republic to give assurances to the Czech president and to J&T that he would settle the CEFC debt. Then he signs a legal guarantee of payment. And then sends 475 million euros to an account in the Czech Republic.**

**And people still think he does not want to pay up?”**

**JAROSLAV TVRDÍK // 18/5/2018**

**“Until my Chinese advisor is not formally charged and, if found guilty, convicted, I have of course no reason to give him up.”**

**MILOŠ ZEMAN // 27/3/2018**

**“But of course, I expected greenfield investments . That has not happened to date. And the trade balance is still negative – we buy [in China] ten times more than we sell, despite so many ministers having travelled there – so I don’t know what for.”**

**ANDREJ BABIŠ // 20/3/2018**

In Asia, the Czech Republic continues to focus on the Far East. This is logical, as developments in this area have a significant impact on the Czech Republic as well. These include, in particular, the more assertive Chinese foreign policy, the North Korean nuclear programme or economic reforms in Japan.

China is, notably, now experiencing a turbulent period of systemic transformation – a greater centralization of the power of the Communist Party, a reduction in capital exports beyond the One Belt One Road priorities, or other restrictions on incoming investments in strategic industries. In spite of president Xi's rhetoric about a more open world (last year at the Davos Forum), China's actions are rather the opposite. In fact, the Chinese market is more closed than it was five years ago. This will have implications for the Czech Republic – for example, in a greater politicization of investment.

The People's Republic of China has been getting a lot of attention in the Czech foreign and domestic policy, especially in the area of investment, albeit at a lower level. Within the framework of the Chinese Investment Forum, the Czech Republic was visited by the then member of the Communist Party Politburo Liu Yunshan in 2017, but the visit was mainly presented as a party visit and as such it received little publicity. The Czech media focused on the problems of the largest Chinese investor, the CEFC, whose president, Ye Jianming, was detained and there is no credible information about his whereabouts. The company is currently facing financial problems, as demonstrated by the temporary takeover of CEFC Europe's assets by financial group J&T.

China has been a priority area of Czech foreign policy for at least five years, but the results do not correspond to the energy and political capital invested. The Strategic Partnership, concluded in 2016, is still lacking in concrete terms. Despite the emphasis on the economic aspect of the relations, China's share of Czech exports grew between 2016 and 2017 only and by less than 0.2 percentage point year-on-year. The volume of Chinese investments in the Czech Republic is generally low and the CEFC story also shows the danger of a single investor's dominance for mutual relations. Longer-term financial problems, or even bankruptcy, would be a severe blow to the foreign policy as it would leave almost nothing of the dream of Chinese investments reaching hundreds of millions.

The question of human rights has been played down in the public statements of Prime Minister Sobotka's government. The death of dissident Liu Xiaobo, who was nominated for the Nobel Peace Prize by Czech politicians, resulted only in a tepid reaction at home. Many of the world's leaders stood for the release of his wife Liu Xia, but the Czech Republic was not one of them. Czech diplomacy will not get a chance like this to build on its long tradition. The Czech MEPs were more interested in the human rights situation, and in the Council of Human Rights in Geneva the



Czech Republic also supported EU initiatives criticizing the human rights situation in China.

The Korean Peninsula is now seeing a thaw in the relationship between the North and the South. As the Czech Republic has maintained its embassy for a long time in the DPRK, any opening of the country could be an economic and political opportunity. On the contrary, South Korea's relationship reached a metaphorical peak. Areas for further cooperation are hard to find in both the economic and the international policy area. Koreans are particularly interested in building new nuclear capacity, which would certainly revive their interest in the Czech Republic. We can expect stable relations to continue with lower intensity.

Relations with Japan have been on a very good level for a long time, and last year they were cemented by a major event – Prime Minister Sobotka's trip to Tokyo. The first visit of a senior government official since 2005 emphasized the importance of Japan as a stable political and economic partner.



Relations between the United States, the European Union and China are now going through a very turbulent period, and the future shape of the global trade policy is unclear. Czech foreign policy would therefore not benefit if the notional pendulum of warming towards the China shifted from one extreme to the other. However, choosing another appropriate policy towards China should also reflect her domestic developments towards greater protectionism and assertiveness in international politics. The Czech Republic should take into account the probable greater politicization of Chinese investments.

The Czech Republic experienced first-hand how small the space for negotiating with China is at the bilateral level, or in the framework of Chinese multilateral initiatives like 16 + 1. Attention should now be paid to greater coordination at the European level, which will be crucial in the area of trade policy, as the negotiating capacity is very limited. The theme of the European-Chinese relations spans a whole range – from access to the Chinese market through a control mechanism for investment on European soil to global issues such as the future of the Iranian nuclear programme or climate change. It is not easy to promote Czech interests in the broader European policy (and of course, Czech diplomacy is already working at it today), but the experience of bilateral negotiations with China can help – the Czech Republic is now better aware of where its interests lie and can now be a more experienced and tougher negotiator.

The first chance has already come. In 2018, an intensive debate on investment and Chinese influence is taking place in Europe, a topic with which the Czech Republic has a first-hand recent experience. The Czech Republic should join the initiative to control foreign investment in strategic industries and accentuate this topic even within the 16 + 1 format. Although this is a complex process that is never fully effective (and the approved version should ultimately serve the purpose of coordination and recommendation), it is a strong political gesture that should also aim at opening up the Chinese market more. For example, the European Union's Chamber of Commerce in China has long pointed to a very uneven treatment and to the challenges European companies face. Therefore, it is also in the interest of the Czech Republic that the access on both sides is similar.

However, the expectations, which the intensified relationship with China have brought, are virtually impossible to achieve, so it is logical that a new balance will be sought. This could consist primarily of a combination of clear economic priorities and greater coordination of their enforcement at the European level, the continuation of formal engagement in Chinese multilateral initiatives and the promotion of a long-term human rights agenda. The Czech Republic will then become China's more equal partner.

Czech diplomacy should also seek to strengthen relations with Japan, which is still the most important Asian investor in the Czech Republic, following last year's visit by Prime Minister Sobotka in Tokyo. Prime Minister Abe is now giving considerable attention to Central and Eastern Europe. It is therefore possible to use mutually beneficial relationships and shift cooperation to the level of strategic partnership. The Czech experience and contacts can help Japan even with the eventual opening of the DPRK. Japan is fairly parsimonious when it comes to granting strategic partnership status to European countries, but the timing may not be any better.



## CONTEXT

- China's continued assertiveness and protectionism;
  - Centralization of power in China;
  - Restrictions on capital exports and the politicization of investments;
  - Thawing of relations on the Korean Peninsula.
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## PRESENT

- The results of the Czech Republic's pro-China orientation do not match the political capital invested;
  - The Czech Republic prefers bilateral relations or the 16+1 platform.
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## RECOMMENDATIONS

- Foster relations with China more through the EU;
- Join the initiative to control foreign investment in strategic industries;
- Disseminate experience with the assertion of Chinese influence;
- Strive for the opening of the Chinese market;
- Intensify relations with Japan.






# **Selected Global Issues**

**PETR BOHÁČEK**

**TOMÁŠ JUNGWIRTH**

**ANNA KUNOVÁ**





“What we need to do is to help [African and other] countries with electrification, schools, hospitals, waters and such.”

**MILOŠ ZEMAN // 19/9/2017**

“Already at this stage we are behind on our development cooperation commitments (we promised 0.33% GNI and we give 0.11%), and now SPD is pushing for further cuts. Well, if we want to deal with the causes of migration in situ, we should find the money.”

**MIKULÁŠ PEKSA // 15/12/2017**

“The share of non-European and non-Western countries in the global GDP is constantly rising. The foreign policy of a country which is so rooted in the European context, as the Czech Republic is, must take that into account.”

**LUBOMÍR ZAORÁLEK // 30/8/2017**

A responsible attitude to addressing global issues is in the interest of the Czech Republic. The emerging global challenges have put strong pressure on the model of governance in which most political decisions remain in the hands of states. Multilateralism has so far been the response to these trends, but it is now retreating due to nationalism and the rise of states hostile to the current global order, and also loses out after the voluntary withdrawal of the US from the position of a world leader. This development is unfavourable and dangerous for the Czech Republic. The importance of smaller states is weakened, and they must tow the line of the global powers. The Czech Republic has remained almost indifferent to global challenges in the areas of migration, climate change or international trade, more actively engaging only in selected issues such as cyber security.

The issue of migration is at the forefront of European and global debate. Adoption of the New York Declaration on Refugees and Migrants by the UN in September 2016 initiated the strengthening of global governance in this area. In February 2018, negotiations were launched on the Global Compact on Refugees and the Global Compact for Safe, Orderly and Regular Migration. Migration has so far been regulated primarily at national or intergovernmental levels. The ambition of the Global Compact for Migration is to set out the practical paths that countries should take (reducing the transaction costs of remittances, recognizing the professional qualifications of migrants, protecting the labour market, access to services regardless of residence status, ending the detention of children, etc.). While the US and later Hungary resigned from the whole process, the Czech Republic initially sought to maintain an EU consensus and prevent the possible politicization of the topic at national level. Nonetheless, immediately after the conclusion of the negotiations in July 2018, it put the entire process of preparation and its support for the document so far to question.

There has been a relatively dramatic development in the area development cooperation. The so-called migration conditionality was increasingly debated in the context of the enormous political and public interest of developed countries, especially European ones, to regulate immigration and to increase the success of returns and repatriation. Specifically, there is a shift in development funding to projects of a security nature, in order to prevent people from migrating. The rhetoric of Czech representatives is joining this trend, even if this has not yet translated into a major policy change. With the motto of "helping in the countries of origin", the Czech Republic supported both real humanitarian and development projects (such as MEDEVAC, where medical teams perform hundreds of operations in the Middle East), and the arming of Libyan militias. The change in the development cooperation paradigm, including the long-term strengthening of the role of private investors, has



also been reflected in the newly adopted Development Cooperation Strategy of the Czech Republic 2018-2030.

The environment is another area where global challenges have been escalating. Strategic documents adopted at both global and European level are usually referenced in the framework of the UN and Agenda 2030 Sustainable Development Goals, as well as the obligations under the Paris Agreement. The Czech Republic is more or less passive in this area, and its efforts in the field of energy transformation, reduction of greenhouse gas emissions or mitigating the impacts of climate change are lacking. This has led to deterioration of life perspectives and the security situation, especially in the poorest regions of the world. The Strategic Framework of the Czech Republic 2030, which translates the UN Sustainable Development Goals into the national context, was adopted. However, follow-up mechanisms across sectors have not been implemented.

The Czech Republic ratified the Paris Agreement in November 2017 as the last EU Member State. Even before March 2017, the government approved the Climate Protection Policy in the Czech Republic - a strategic document to help the country meet its climate goals. The strategy includes positive actions - for example, the adoption of a law regulating the use of fossil fuels, the closure of old coal-fired power plants, energy savings and the development of renewable energy sources. However, the commitments arising from the global agreement are not sufficiently reflected. According to the national plan, the Czech Republic plans to reduce its greenhouse gas emissions by 80% by 2050 (compared to 1990), but in line with the Agreement, a reduction of emissions by 95% needs to be achieved. National Climate Protection Policy neglects the global co-responsibility of the Czech Republic for the effects of climate change, i.e. the assistance to poor countries where climate change causes serious economic problems and humanitarian disasters.

The Czech Republic is one of the most active European countries when it comes to adoption of legislation on cyber security. In 2017, the National Office for Cybernetics and Information Security was created. The EU Directive on security of network and information systems (NIS) has been adopted swiftly. Although the Czech Republic is moving dynamically in the development of its legal framework, the implementation of strategies and security concepts, the enforceability of security standards or the lack of experts remain a concern. Nevertheless, the well-developed private sector and collaboration platforms for public, private and academic spheres in the area of cybersecurity generally alleviated the cybersecurity situation in the country. The Czech Republic has not yet faced the test of a larger cyber attack. There have been several minor attacks without clear motivations targeted against MoFA networks that are not classified as critical infrastructure; there were no major consequences of these attacks. The absence of global standards in this area and

the lack of coordinated enforcement of security standards or controls, coupled with the impossibility of clearly identifying attackers, will continue to severely limit the country's ability to control its cybersecurity.



Deeper international cooperation on migration is a prerequisite for promoting Czech interests, including addressing the causes of irregular migration and increasing the success rate of returns. Any unilateral steps can lead to completely contradictory results. Cross-border migration remains the engine of the Czech economy and the Czech Republic actively campaigns to attract foreign workers. For this reason, the Czech Republic should at the December intergovernmental conference unreservedly support two key documents negotiated at the UN: the Global Compact for Migration and the Global Compact on Refugees.

In the field of development cooperation, it is important to insist that the funds spent are guided by the principles of development effectiveness. Any investment in migration management and repressive measures in third countries must come from different funds and in no way be referred to as "assistance in countries of origin or transit". There is a clear need to accelerate the year-on-year increase in total ODA resources, at least to 0.33% of gross national income, in line with existing EU commitments. As part of its domestic agenda, the Parliament should urgently endorse the Implementation Plan of the Czech Republic 2030 and ensure top-level management of sustainable development issues in accordance with UN-approved objectives and principles. It is unfathomable that such a procedure would take place without the support of from highest-ranked politicians who should give the issue their due attention.

In the area of climate change, the government will have to adopt in particular a decision on how to support the development of renewable resources in the future and how to ensure the achievement of the European energy efficiency target. The Czech Republic's energy policy relies on the development of low-carbon nuclear power, but the suitability of such a step is doubtful given the high investment costs with uncertain returns.

In the area of cyber security, the Czech Republic should continue to implement the adopted legislation and promote successful multi-sectoral cooperation. Digitalization is a major challenge awaiting the public administration; it will undoubtedly bring increased security requirements. Investing in cybersecurity outreach and education programs, such as information campaigns, should be part and parcel of the digitization project.

Any solution to these problems, as well as other global challenges, will be made difficult by the ongoing retreat of the multilateral order and the resulting consequences for smaller states. It is therefore necessary for the Czech Republic to address these issues primarily through a common European position and to abstain from non-constructive unilateral action. The mere ratification of negotiated international treaties is not enough and it is essential that the Czech Republic actually implements the commitments it has undertaken therein.



## CONTEXT

- Weakening of the multilateral order;
  - Higher migration from countries affected by climate change;
  - Migration conditionality of development aid;
  - Absence of global cyber security standards.
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## PRESENT

- The Czech Republic's passive attitude to global challenges;
  - Unpredictability of global migration treaty talks;
  - Failure to deliver on commitments arising from the Paris Agreement.
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## RECOMMENDATIONS

- Engage in the discussion on the reform of global institutions and decision making;
- Accelerate allocation of development cooperation funds;
- Support the Global Compact for Migration and Global Compact on Refugees;
- Approve the CR 2030 implementation plan and provide for a supra-sectoral management of sustainable development;
- Improve readiness for the implementation of secure central and local government digitalization.



# List of Abbreviations



<b>AMO</b>	Association for International Affairs
<b>CEFC</b>	China Energy Company Limited
<b>ČR</b>	Czech Republic
<b>ČSSD</b>	Czech Social Democratic Party
<b>EGAP</b>	Export Guarantee and Insurance Corporation
<b>EP</b>	European Parliament
<b>EU</b>	European Union
<b>GDP</b>	Gross Domestic Product
<b>GNI</b>	Gross National Income
<b>KDU-ČSL</b>	Christian Democratic Union – Czechoslovak People's Party
<b>KSČM</b>	Communist Party of Bohemia and Moravia
<b>MoFA</b>	Ministry of Foreign Affairs
<b>NATO</b>	North Atlantic Alliance
<b>UN</b>	United Nations
<b>PESCO</b>	Permanent Structured Cooperation
<b>SPD</b>	Freedom and Direct Democracy
<b>USA</b>	United States of America
<b>V4</b>	Visegrad Group

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