



An appeal for the establishment of a Czech policy towards the region of Central and Eastern Europe

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Summary and recommendations

→ Czech foreign policy has so far primarily focused on regions other than Central and Eastern Europe (CEE), which has been perceived neither as a source of problems nor as a space for new opportunities. If the CEE region has been included in major foreign policy considerations, it has been seen as an instrument for the realisation of other objectives. Today, however, the time has come for a more robust and targeted policy towards the Central and Eastern European Member States of the EU.

→ The importance of the CEE region in ensuring European security has been growing in recent years and will continue to grow in light of Russian aggressive policy that has led to the disruption of the European security order. The Czech Republic should not only increase investments into its own defence capabilities, but must remain actively present on NATO's eastern flank, intensify governmental, parliamentary and non-governmental contacts with the CEE countries and use suitable platforms like the Bucharest Nine.

→ Since the early 1990s, the common goal of the CEE has been its fastest possible socio-economic convergence with the developed countries of Western Europe. This has worked well, as the region has grown faster than the EU-15. However, the eastern enlargement of the EU has not only brought about the economic integration of CEE with Western Europe, but also an unprecedented removal of barriers in Central and Eastern Europe itself. The Czech Republic has largely benefited from this. Trade exchange with the CEE has grown more rapidly than with Western Europe.

→ CEE is to remain a promising area for Czech business. Two trends, though, need to be well-observed. Firstly, how the region representing the industrial backbone of the EU will manage the green transition. Secondly, whether it will benefit from the backshoring and nearshoring trends. It should be noted that thanks to EU funds and good structural preconditions, it has good prospects for success.

→ Central and Eastern Europe faces the problem of an underdeveloped transport infrastructure. The region has been trying to catch up with this debt, however shortcomings remain mainly on the North-South axis. The development of transport infrastructure in the CEE is crucial for a number of reasons: it would unlock the economic potential of the region, enhance much needed connection between the EU and Ukraine and improve the conditions for military mobility.

→ The Czech Republic is in a comparatively advantageous position in terms of transport infrastructure when compared to other Central and Eastern European countries. However, it needs to speed up the construction of connections on the north-south axis and link the CEE to the Western European high-speed rail network with its own section. The Czech Republic should also acknowledge the Three Seas Initiative as a platform for coordination of the region's connectivity efforts and upgrade its involvement in it.



→ Since 1989, the CEE has gone through a difficult political transition. However, the quality of public governance is still not comparable to Western Europe. It has even stagnated or deteriorated over the last decade.

→ The Czech Republic has to take the following trends seriously: 1) Deterioration of the rule of law in some countries of the region casts a bad light on the whole region. The resulting image will be reflected in the decisions and choices of Western politicians and foreign investors and will have, thus, an impact on the region. 2) It opens the region to the influence of hostile external powers. 3) It threatens a fair business environment. 4) It puts at risk the inflow of European funds into the region. 5) It may undermine the willingness of Czech citizens to participate in European integration once the Czech Republic becomes a net contributor to the European budget.



Introduction

Czech foreign policy so far lacks any deeper conceptual thinking about the broader Central and Eastern European (CEE) region, which together includes the Baltic States, the Visegrad Group countries, Romania, Bulgaria, Croatia and Slovenia.

This does not mean that the Czech Republic is not present in this area at all. Relations in the immediate neighbourhood (including Hungary as an honorary neighbour) have always had a place in Czech foreign policy thinking. These, inevitably so because of the mutual interdependence and close day-to-day contact. However, other CEE countries have not been at the top of the Czech foreign-policy agenda. The Czech Republic has instead focused on relations with Eastern Europe - Russia and the Eastern Partnership countries - and the area of South-Eastern Europe or the Western Balkans. The common goal was the stability of these regions and - if possible - their integration into Euro-Atlantic structures as fully as possible. In addition to this, Czech foreign policy has been oriented towards the major European players - Germany, France and, in particular, until its exit from the EU, the United Kingdom.¹

The wider region of Central and Eastern Europe was rather neglected next to these foreign policy vectors. It was seen neither as a place of problems nor as a space of potential opportunities. Moreover, Czech European policy was characterised by a desire to overcome the division between the so-called new and old EU member states. When such divisions occurred the Brussels bubble tended to highlight the EU-15² as having more experience with integration, give them more credit for the European project or assign them a dominant position regarding its future direction. Thus, the Czech Republic's efforts in political terms avoided highlighting the region of CEE, so as not to contribute to creating the impression of its uniformity or the forming of its quasi-identity. Rather, it looked for partners across the EU, whether it was the United Kingdom under the ODS government (in particular between 2010 - 2013) or other Western European countries under the ČSSD government.

In fact, however, Czech foreign and European policy has often relied on the region's similar political attitudes. Either in episodic and randomly coordinated cases, such as the support for the United States during the Iraq crisis in 2003³ or the efforts of Central European (ex)politicians to dissuade the Obama administration from resetting relations with Russia in 2009.⁴ Or there have been some more concerted interactions in EU politics, primarily attempts to find a common voice and thus a good negotiating position vis-à-vis some EU policies. Examples can be found in cohesion, agricultural or climate and energy policy. However, this cooperation has not translated into significant political emancipation of the region. The prevailing belief of the Czech Republic as well as a majority of the countries of the region was that the EU should not be divided into West and East on substantive issues and that the countries of Central and Eastern Europe should not feed the 'enlargement fatigue' present in Western Europe, which spread among the elites of some Member States after the 2005 failed referenda on the Constitution for Europe in France and the Netherlands. Moreover, the Visegrad Group played a coordinating role in European affairs - when it was mutually convenient - by bringing other Central and Eastern

¹ "Konceptce zahraniční politiky ČR | Ministerstvo zahraničních věcí České republiky," https://www.mzv.cz/jnp/cz/zahranicni_vztahy/analyzy_a_koncepce/koncepce_zahranicni_politiky_cr.html.

² The Member States that entered the EU prior to 2004.

³ Eugen Tomiuc, "Eastern Europe: Do Citizens Of Vilnius 10 Support Action Against Iraq, Or Only Their Governments?" RFL, February 7, 2003, <https://www.rferl.org/a/1102167.html>.

⁴ "An Open Letter To The Obama Administration From Central And Eastern Europe," RFL, July 16, 2009, https://www.rferl.org/a/An_Open_Letter_To_The_Obama_Administration_From_Central_And_Eastern_Europe/1778449.html.



European countries into like-minded coalitions, thus mitigating the need to conduct a policy vis-à-vis the CEE region that would comprise long term goals and would fit the actual circumstances.

An exception to this consensual approach was the so-called refugee crisis in 2015-2016, when, on the contrary, the representatives of some Central and Eastern European countries very vocally opposed the mainstream of the EU or Western Europe. However, these same countries, such as the Czech Republic, that were otherwise at the forefront of rejecting relocation mechanisms for asylum seekers, retained fears of the formation of blocs within the EU based on this particular dispute. At the same time, Prague approached the emerging Three Seas Initiative with much caution, fearing the emergence of a permanent bloc of countries dominated by Poland and directed against Western Europe and, above all, Germany.

To date, if the CEE region has been included in major foreign policy considerations, it has been seen as an instrument for the realisation of other objectives. These countries have been seen as natural partners in pursuing the Eastern Partnership policy, maintaining and deepening the transatlantic link, integrating the Western Balkans into the EU, or pursuing certain objectives within the EU. Partnership with these countries has therefore been a tool rather than an objective in itself.

However, the CEE region deserves a targeted policy today for several reasons.

- The first is of a security nature. A substantial part of CEE forms the eastern flank of NATO. With Russia's invasion of Ukraine, the security environment in Eastern Europe has deteriorated, requiring the cooperation of the countries of Central and Eastern Europe.
- Secondly, CEE is a region with great potential for economic growth. The Czech Republic should thus conceive of Central and Eastern Europe as its natural economic area offering the export-oriented economy potential for further expansion.
- In relation to the previous two points, it is necessary to reflect on the quality of infrastructure interconnection in rail, road and telecommunications. Are they of sufficient quality to fulfil the economic potential of the region and ensure military mobility in the event of a crisis?
- A fourth aspect is the question of the political stability of the region. Thirty-three years after the fall of communism, Central and Eastern Europe is still catching up with Western Europe in many respects. The decline of the rule of law, corruption, state-capture or the weakness of public institutions are phenomena that several countries in the region are facing or have faced. These malaises can be a problem for security, as they open the door to external actors hostile to Euro-Atlantic interests and values. They also slow down socio-economic development and reduce the interest of foreign investors, who consequently view the region as more risky.

This text focuses on these four areas, firstly assessing their common characteristics and secondly, proposing some actions for the Czech Republic. The ambition of this policy paper is not to provide an exhaustive list of steps that the Czech Republic should take. It does, however, want to open up the Czech discussion on the CEE as a whole and suggest possible steps that the Czech foreign policy could take.



1. Central and Eastern Europe: a Region Crucial for Maintaining Czech Security

Russia's aggressive policy since the illegal annexation of Crimea in 2014 and especially after the outbreak of the war against Ukraine on 24 February 2022 has brought about a disruption of the security environment in Eastern Europe. Since 2014, NATO has responded by increasing the military presence on its eastern flank. The process of adapting to the new security environment initiated at the 2014 Wales Summit was completed by the Warsaw Summit the following year. In accordance with its conclusions, NATO's enhanced forward presence of four battalions was established in Estonia, Lithuania, Latvia and Poland on a permanent rotational basis.

However, the deterioration of the situation to its current state is much more destabilising for European security. As the new NATO strategic concept states: "The Euro-Atlantic area is not at peace. The Russian Federation has violated the norms and principles that contributed to a stable and predictable European security order. We cannot discount the possibility of an attack against Allies' sovereignty and territorial integrity. Strategic competition, pervasive instability and recurrent shocks define our broader security environment."⁵

The countries of the Alliance have therefore decided to adopt the measures proposed in the conclusions of the Madrid NATO Summit held on 28-30 June 2022. On the issue of strengthening NATO's borders, the allies agreed "to deploy additional robust in-place combat-ready forces on (...) the eastern flank, to be scaled up from the existing battlegroups to brigade-size units where and when required, underpinned by credible rapidly available reinforcements, prepositioned equipment, and enhanced command and control." Moreover, Framework Nations and Host Nations will strengthen forces and command and control, including the establishment of division-level structures.⁶

The importance of the CEE region in ensuring European security has thus been growing in recent years and will continue to grow in the light of Russian policy. Also notable in this context is the increasing willingness of CEE countries to invest in their own defence. Although this phenomenon applies mainly to some countries, the trend is more pronounced than in other NATO member states.

Table 1: Defence expenditure as a share of GDP

	2014	2021 (estimate)
Average share of CEE NATO member	1.26%	1.85%
Average share of other NATO members excluding the United States	1.31%	1.59%
Czech Republic	0.94%	1.40%
NATO total	2.58%	2.65%

Source: NATO and author's calculations⁷

The Czech Republic has been involved in the defence of NATO's eastern flank since the establishment of the forward presence. After 24 February, it increased its efforts by joining the multinational battle group in Slovakia, over which it also

⁵ "NATO 2022 - Strategic concept," <https://www.nato.int/strategic-concept/>.

⁶ "NATO - Official text: Madrid Summit Declaration issued by NATO Heads of State and Government," https://www.nato.int/cps/en/natohq/official_texts_196951.htm

⁷ "NATO - News: Defence Expenditure of NATO Countries (2014-2021), 31-Mar.-2022," https://www.nato.int/cps/en/natohq/news_193983.htm.



took command. Increased security and defence cooperation on NATO's eastern flank will inevitably lead to an intensification of mutual contacts - not only military, but also diplomatic and political. In addition to traditional executive links, there is scope for parliamentary diplomacy and cooperation between NGOs and think tanks. A suitable multilateral platform for political cooperation in this respect is the Bucharest Nine, which brings together the countries of NATO's eastern flank. However, the countries of the eastern flank must also actively influence the other members of the alliance and remind them of the seriousness of the situation, especially if the Russia-Ukraine war freezes and attention to the region wanes.

2. Central and Eastern Europe: a Region of Opportunity for the Czech Economy

Since the early 1990s, the common goal of the CEE region has been its fastest possible socio-economic convergence with the developed countries of Western Europe. The accession of the region's countries to the EU in 2004, 2007 and, in the case of Croatia, 2013, brought the appropriate conditions for achieving it: integration into the internal market and the concomitant inflow of funds as part of the EU's cohesion policy. The region has grown much faster than the EU average, its share of total EU GDP has increased, and the 2009-2010 crisis did not bring a long-term recession or a threat to the stability of the economies, as in the case of some EU-15 countries. One source of this stability has been the region's focus on industrial production. CEE countries did not undergo as much deindustrialisation as other EU countries. This preservation of industrial production has also been helped by the linking of the CEE economies to the supply chains of Western European companies based mainly in Germany, but also in Italy and France.⁸

EU accession thus brought fairly stable economic development to the region, which has been more stable than in some other parts of the EU. The eastern enlargement of the EU not only brought about the economic integration of CEE with Western Europe, but also an unprecedented removal of barriers within Central and Eastern Europe itself.

As the table below shows, trade in goods between the Czech Republic and the CEE countries grew faster between 2005 and 2021 than between Czech Republic and Western European countries.

⁸ Konrad Popławski, Jakub Jakóbowski. W kierunku budowy bliższych powiązań. Trójmorze jako obszar gospodarczy. Warszawa, Polski Instytut Ekonomiczny, 2020, 12-16.

https://www.osw.waw.pl/sites/default/files/2020-10/PIE-Trojmorze_raport.pdf.



Table 2: Growth of foreign trade in goods between the Czech Republic and selected countries in % (Year 2005 = 100%)

	2010	2015	2021
Bulgaria	150%	306%	444%
Croatia	90%	124%	184%
Lithuania	122%	236%	348%
Hungary	118%	181%	248%
Poland	159%	231%	307%
Romania	153%	293%	439%
Slovakia	130%	186%	212%
Germany	111%	152%	170%
Italy	117%	156%	201%
United Kingdom	120%	189%	165%
European Union	118%	161%	196%
World	125%	170%	209%

Source: Czech Statistical Office and author's calculations⁹

In this context, it is interesting to note that none of the CEE countries belong among the 12 priority ones of the 2012 Czech export strategy for the years 2012-2020. Of the 25 countries of interest, only Croatia is among them, with which, however, the Czech Republic has experienced weaker growth in trade in goods compared to other countries in the region.¹⁰

Judging from these figures, the countries of Central and Eastern Europe represent promising markets for Czech business. They are at the same time part of the EU's internal market and countries with a solid business environment (see section 4 below). The CzechTrade agency is also strongly represented in the region, covering 9 out of 10 countries. It is only not present in Slovakia, where it is not so difficult for Czech entities to enter.¹¹

Several trends will be important to monitor for the future development of the economic conditions of CEE. Let's name the three major ones:¹²

Firstly, the implementation of the New Green Deal. As mentioned, CEE's economy is based more on industrial production than other parts of the EU. Sectors such as construction, chemicals and automotive will face the costs of the green transition. In this respect, the use of European funds that will flow to the region within the Multiannual Financial Framework 2021-2027 and the post-Covid Next

⁹ "Czech Statistical Office: International trade in goods by countries - time series," <https://vdb.czso.cz/vdbvo2/faces/en/index.jsf?page=vystup-objekt&pvo=VZO013-NP-A&z=T&f=TABULKA&skupId=3910&katalog=32935&pvo=VZO013-NP-A&str=v152#w=>.

¹⁰ "Exportní strategie ČR 2012 - 2020 | MPO," <https://www.mpo.cz/cz/zahranicni-obchod/podpora-exportu/koncepce-a-strategie/exportni-strategie-cr-2012---2020--220213/>.

¹¹ "Servis pro české exportéry v 56 zemích na 5 kontinentech - CzechTrade," <https://www.czechtrade.cz/czechtrade-svet?selected=europeanunion#map>.

¹² Konrad Popławski, Jakub Jakóbski. W kierunku budowy bliższych powiązań. Trójmorze jako obszar gospodarczy. Warszawa, Polski Instytut Ekonomiczny, 2020, 41-42.

https://www.osw.waw.pl/sites/default/files/2020-10/PIE-Trojmorze_raport.pdf.



Generation EU Fund, which are particularly targeted at a smooth transition to a low-carbon economy, will be crucial.

Secondly, the drive to shorten supply chains presents an opportunity for the region.¹³ The destabilisation of the international environment, the US-China technological decoupling, the Chinese regime's cracking down on foreign investors and the development of robotisation are pushing global corporations towards backshoring or nearshoring - the return of foreign investment towards their home markets. This phenomenon has been compounded by the Covid-19 pandemic. Increasing the resilience of the European economy, particularly in key sectors, has become the European Union's agenda. Central and Eastern European countries stand to benefit greatly from these movements thanks to their geography, the quality of their business environment, the willingness of governments to provide investment incentives and their consistently competitive human capital. At the same time, the influx of new investors must not become a trap for the countries of the region and must be accompanied by a willingness to invest not only in production facilities but also in innovation and research and development. The Czech Republic should therefore seek to attract these investments in particular.

Thirdly, ensuring quality connectivity in the region is a prerequisite for realising its development potential. This topic is dealt with separately in the next part of the policy paper

3. Central and Eastern Europe: a Region with Insufficient Connectivity

A major problem for Central and Eastern Europe is still its underdeveloped transport infrastructure. The countries of the region have been trying to gradually catch up with this debt, which was accumulated before 1989. An important impetus for this effort was, of course, the accession to the EU and the inflow of European funds dedicated to the development of transport infrastructure.

After 1989, the development of infrastructure on the west-east axis was a priority. On the one hand, it could partly build on the earlier priority routes from the COMECON countries to the USSR and, on the other hand, it was important for the economic connection between the emerging market economies and the Western European countries. North-south transport infrastructure, on the other hand, was neglected. These shortcomings were highlighted in a major study prepared by the US think-tank Atlantic Council and the Polish company Central Europe Energy Partners.¹⁴ The study subsequently became one of the conceptual foundations for the launch of the Three Seas Initiative.

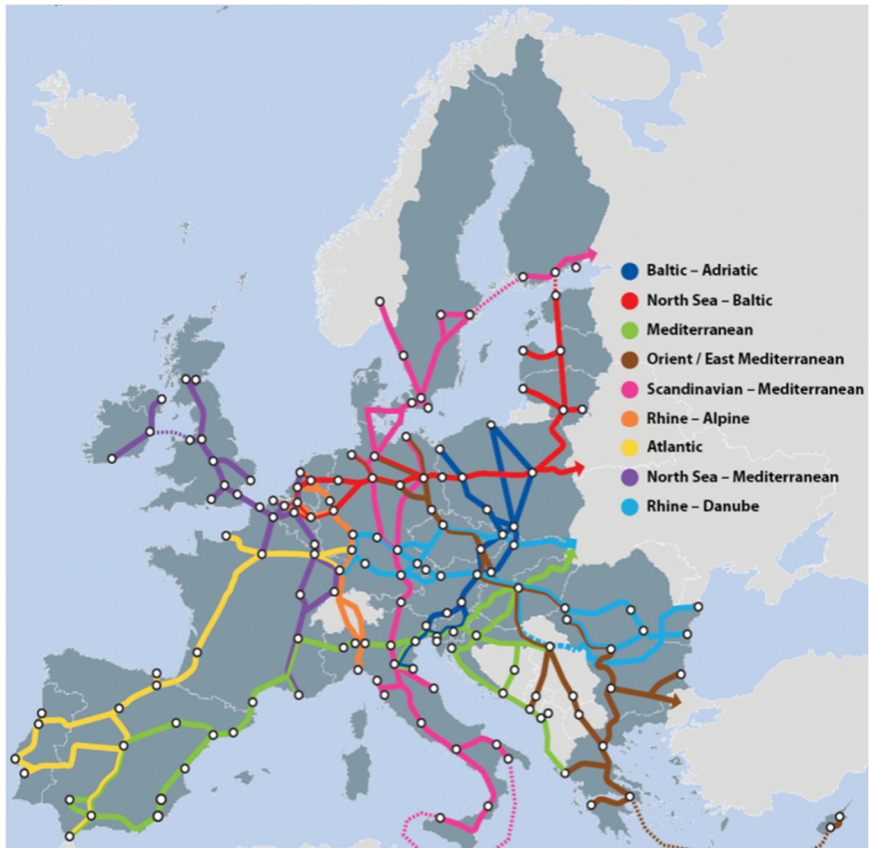
Improving north-south transport links in Central and Eastern Europe would have benefits for the whole EU. According to the latest proposal of the European Commission, six of the nine TEN-T corridors are to pass at least partially through the region, and the latest revision, in July 2022, extends as far as Moldova and Ukraine. The draft regulation will now be negotiated by the European Parliament and the Council of the EU. In contrast, the previous regulation in force had one less corridor passing through the region. The location of the TEN-T corridors will facilitate the financing of new infrastructural projects in the area.

¹³ Martin Ehl, "Nastal konec globalizace. Svět ji přitom právě teď potřebuje nejvíc," *Hospodářské noviny*, 24 May 2022, <https://archiv.hn.cz/c1-67072840-nastal-konec-globalizace-svet-ale-prave-ted-nejvic-potrebuje-globalni-reseni-svych-potizi>.

¹⁴ James Jones, Paweł Olechnowicz. *Completing Europe: From the North-South Corridor to Energy, Transportation, and Telecommunications Union*. Washington D.C.: Atlantic Council and CEEP, 2014. <https://bit.ly/3uLgKoA>.



Map 1: Existing TEN-T core network priority corridors

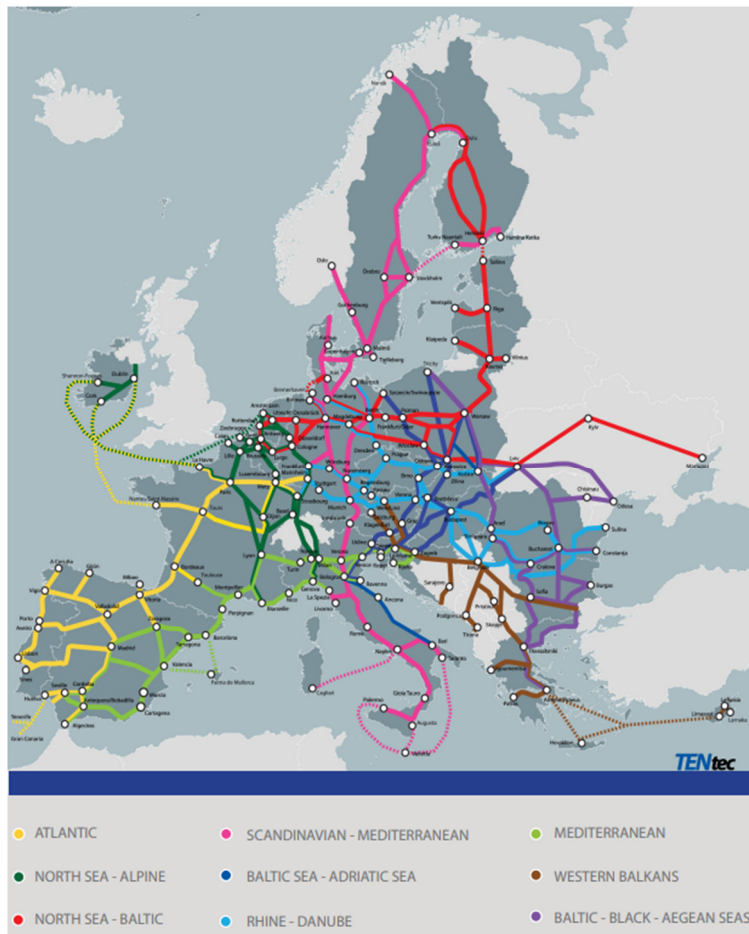


Source: European Commission¹⁵

¹⁵ "File:TEN-T core network corridors (freight and passenger)-RYB18.png - Statistics Explained," https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:TEN-T_core_network_corridors_%28freight_and_passenger%29-RYB18.png.



Map 2: Proposed corridor TEN-T core network priority corridors



Source: European Commission¹⁶

The development of transport infrastructure in the CEE region will be crucial for several reasons.

- In the light of the ongoing war in Ukraine, it will be important to rapidly develop logistics capacity to enable the transport of Ukrainian agricultural production to the world if the possibility of transport through Ukrainian Black Sea ports is stopped or restricted. It is the networks in Central and Eastern Europe that will be crucial to addressing this global issue.
- Secondly, the transport infrastructure in this region is essential for military mobility. The European Union is trying to develop transport infrastructure that can also be used for the transport of military equipment and is taking the potential of "dual use" into account when deciding whether to support the construction of new projects.¹⁷
- Thirdly, in the last decade, Central and Eastern Europe has become a gateway for onshore transport from East Asia, particularly from China.¹⁸ The Malaszowice border crossing on the Polish-Belarusian border has become a

¹⁶ "Revised corridors to include Ukraine and Moldova," <https://transport.ec.europa.eu/system/files/2022-07/Revised%20corridors%20to%20include%20Ukraine%20and%20Moldova.pdf>

¹⁷ "EUR-Lex - 52018JC0005 - EN - EUR-Lex," <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=JOIN%3A2018%3A5%3AFIN>.

¹⁸ Konrad Popławski, Jakub Jakóbski. W kierunku budowy bliższych powiązań. Trójmorze jako obszar gospodarczy. Warszawa, Polski Instytut Ekonomiczny, 2020, 41, https://www.osw.waw.pl/sites/default/files/2020-10/PIE-Trojmorze_raport.pdf.



crucial point for the inland transport of goods to the EU. This has gradually been rivalled by other locations on the EU border such as Čierna nad Tisou, Medyka, Hrubieszów and especially Hungary's Záhony, which has been modernised in recent years.¹⁹ However, the long-term prospects for the development of these important logistics centres are uncertain given the Russian-Ukrainian war.

- Fourthly, the growing importance of land links between Central and Eastern Europe and Asia, together with the economic growth of the region, has brought about the development of the ports of the Central and Eastern European region. Gdańsk, Gdynia, Szczecin, Koper or Constanța are of course no match for the North Sea ports, but they are developing and growing in importance.

The Czech Republic is comparatively in an advantageous position in terms of transport infrastructure when compared to other Central and Eastern European countries. According to the latest available results of the 2018 Logistics Performance Index, the Czech Republic ranks 22nd, which is also the best ranking in the region and 11th among EU Member States.²⁰ Despite these good results and solid connections within the west-east axis, the Czech Republic faces several challenges. To name two of the most salient ones:

- Although it is probably the most developed country in Central and Eastern Europe in terms of transport infrastructure at the moment, it does not even have a kilometre of high-speed railway. After a number of delays, the first section is now expected to be operational in 2028.²¹
- North-south transport links are insufficient. In particular, the motorway infrastructure lacks connections with Austria in the Prague-České Budějovice-Linz and Brno-Vienna sections or with Poland in the Hradec Králové-Wrocław section. Although there are plans to complete the construction this decade, the neighbouring countries are approaching the border faster, which points to the slow pace of Czech efforts.

Thus, as a country benefiting from the economic development of the region (see section 2 above) and the strengthening of its security (section 1), the Czech Republic should contribute to both phenomena by further improving connectivity. At the same time, it could enhance its position as a Central European hub, making it an attractive location for a number of important foreign investors.

For the Czech Republic, the situation implies tasks in improving transport connections with neighbouring countries, which will bring the domestic logistics sector closer to the Baltic and Adriatic ports. In addition, further modernisation of railways and connecting their high-speed lines to the Western European network is an important objective. Lastly, the Czech Republic should coordinate the issues of connectivity and the development of transport infrastructure with other CEE countries. The Three Seas Initiative is in this respect a suitable platform and Prague

¹⁹ Jakub Jakóbowski, Krzysztof Nieczypor, Franciszek Tyszka, "Modernizacja suchego portu Záhony: węgierska próba przejęcia przewozów kolejowych z Chin," OSW, 28 January 2021, <https://www.osw.waw.pl/pl/publikacje/analizy/2021-01-28/modernizacja-suchego-portu-zahony-wegierska-proba-przejecia-przewozow>.

²⁰ Jean-François Arvis, Lauri Ojala, Christina Wiederer, Ben Shepherd, Anasuya Raj, Karlygash Dairabayeva, Tuomas Kiiski, "Connecting to Compete 2018. Trade Logistics in the Global Economy: Washington: The International Bank for Reconstruction and Development/The World Bank, 2018, 57. <https://openknowledge.worldbank.org/bitstream/handle/10986/29971/LPI2018.pdf>.

²¹ Kristýna Tomšů, "Sen o rychlovlacích sní Česko už 30 let. A ještě dlouho bude," Novinky.cz, 9 June, 2022, <https://www.novinky.cz/domaci/clanek/sen-o-rychlovlacich-sni-cesko-uz-30-let-a-jeste-dlouho-bude-40399521>.



should treat it more seriously. i.e. review the list of Czech priority projects, appoint a national coordinator, and contribute to the Three Seas Investment Fund.²²

4. Central and Eastern Europe: a Region where upholding the Rule of Law is in the Czech Interest

Central and Eastern Europe consists of countries that embarked on the path to democracy at the end of the 1980s. All have gone through a period of political and economic transition and the establishment of democratic institutions and the rule of law. However, some countries have stagnated or deteriorated in this process over the last decade.

As the comparison below shows, according to Freedom House's Freedom in the World Index, the average score of the EU-15 countries has consolidated between 2013 and 2022, while the CEE countries have seen their scores decline, albeit at a lower rate than the average of all the territories monitored. Thus, CEE is still in a better position with its ranking than many other regions of the world.

Table 3: Freedom House Freedom in the World Score

	2013	2022
CEE average	88.7	85.4
EU-15 average	95.9	94.3
Czech Republic	95	91
All measured world territories average	59.4	55.7

Source: Freedom House and author's calculations²³

However, the annual Nations in Transit study also conducted by Freedom House provides other discouraging data. This ranking tracks the categories of national democratic governance, electoral process, civil society, independent media, local democratic governance, judicial framework and independence and corruption. All CEE countries have declined between 2012 and 2022. Hungary ceased to be rated as a democracy and fell into the hybrid regime category. Hungary and Poland are also subject to a procedure under Article 7 of the Treaty of the EU for possible violations of EU values.

This stagnation of good governance or the decline of the rule of law in the region has implications for the Czech Republic for several reasons.

- Firstly, the problems in some countries are, unwittingly, casting a bad light on the whole of Central and Eastern Europe, both in the eyes of the (mainly

²² Vít Dostál, "Czech Republic: A stalemate and promising circumstances," in Three Seas Initiative: Mapping National Perspectives, ed. Andris Sprūds, Mārtiņš Vargulis (Riga: LIIA, 2022), https://www.liia.lv/en/publications/three-seas-initiative-mapping-national-perspectives-1002?get_file=1.

²³ "All Data Freedom in the World 2013 - 2022," https://freedomhouse.org/sites/default/files/2022-02/All_data_FIW_2013-2022.xlsx.



Western European) public and decision makers, as well as in the eyes of some foreign investors.

- Secondly, the leaders with authoritarian tendencies often establish friendships with authoritarians from other countries. This creates a breeding ground for significant state corruption. The example of Hungary is illustrative in this respect, where some political elites have deepened their relations with the Kremlin to such an extent that they did not back down even during Russia's war against Ukraine. Of course, such romances among authoritarians also have negative security implications for the EU and NATO.
- Thirdly, a functioning rule of law in each EU country strengthens the legal certainty of citizens and companies from other Member States. Therefore, if CEE is to become a promising location for Czech exporters, the level of corruption must not increase nor the independence of the judiciary be threatened.
- Fourthly, it is essential to realise that the EU has strengthened the principles of conditionality. Funds from the European budget will only be released to countries that meet certain standards of the rule of law. The first months of application of this provision show that the European Commission is willing to make use of the possibilities offered by the new legislation. However, this means that if the quality of the rule of law is poor, the necessary investment in building key infrastructure may be at risk. This would deprive the region of an important prerequisite for growth and economic development.
- Fifthly, Czech decision-makers should anticipate the time when the Czech Republic will become a net contributor to the European budget. This could happen as early as during the next multiannual financial framework from 2028 onwards. From that moment on, Czech society will start to look much more sensitively at what is happening with European funds in other countries; whether they are being used efficiently and fairly. If there is not sufficient control of this money, even the otherwise pro-EU part of the public may start to turn against Czech membership of the EU.²⁴

²⁴ Vít Dostál, "Krise právního státu v EU jako úkol pro českou zahraniční politiku," Praha, IKDP. https://ikdp.cz/wp-content/uploads/2022/01/Paper-Pravni-stat-v-EU_Vit-Dostal_FINAL.pdf.



Conclusion


The intention of this policy paper was to present arguments for the development of a distinct Czech foreign policy towards Central and Eastern Europe that would go beyond neighbourly relations or the perception of the region as a mere instrument for the realisation of broader foreign policy objectives. The text focused on security, economy, connectivity and good governance. In all cases, it pointed out the neglected specifics of Central and Eastern Europe and suggested ways in which Czech activity should be directed. However, this list should not be taken as exhaustive. The topic of energy, in particular the issue of ensuring security of energy supply, the development of ICT infrastructure, demographic trends in the region or the issue of value proximity of CEE societies, is open for further examination.

The policy paper suggests that greater Czech activity in the region is desirable and will require a greater degree of governmental, parliamentary and non-governmental (non-profit or business) cooperation with partners in the region. It is also important to see this in the context of the partial hibernation of Visegrad cooperation. Thus, the Czech Republic should not abandon Central and Eastern Europe, but quite the opposite: it should think differently about this region and focus on new formats, such as the Bucharest Nine or the Three Seas Initiative, and on strengthening bilateral ties.




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