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EuPI Policy Brief, July 2009

## **Not at all bad as it seemed: an appraisal of the Czech EU Presidency of 2009**

David Král

The Czech presidency was accompanied by extremely low expectations even before it started. The global economic crisis hitting very hard on the European economies in the first half of 2009, the political instability at home, Euroscepticism of President Václav Klaus, the legacy of the excessively active French Presidency as well as lack of any previous experience with the presidency business all contributed to many doubts over the Czech capacity of steering the Union of 27 member states and half a billion people through the turmoil of unpredictable developments.

This brief will argue that the output of the Czech Presidency at the policy level was not as bad as it is often portrayed. On the other hand, the fact that the government was brought down during the presidency term for no good reason was a clear sign of immaturity of the Czech political scene and fuelled further doubts among the EU partners regarding the commitment of the Czech policy makers to the EU course. But after all, often it is not the deeds of the presidency but the image for which it is being remembered this way or another, and it is perhaps the image that was mostly underestimated by the Czechs.

The administrative and programmatic preparations for the presidency were a long process which started soon after the general election of 2006 having brought to power a centre-right coalition of Prime Minister Mirek Topolánek. The selection of priorities reflected the general EU policy priorities and concerns of such government composed of conservatives, Christian Democrats and Greens. The original plans were quite ambitious, putting forward a set of about six priorities, including the liberal economic and trade policy through external relations, justice and home affairs, energy as well as budgetary and institutional issues. This was quite an impressive list for a small EU member state holding its first ever EU chairmanship. As the presidency was approaching, the Czechs became more realistic and finally narrowed down their priorities to three Es: economy, energy and Europe in the world.

### **On the economy**

The emerging Czech realism as to what should be put on the agenda was not only a sign of self-reflection of the country's negotiating capacity but also a reaction to the external circumstances leading to a certain refocus of the presidency. Nowhere else is this more obvious than in the economic area. While initially the Czech government reckoned on pushing for decreasing regulatory burden in the EU, better regulation, further liberalisation both internally (EU market) as well as externally (commitment to further liberalisation talks in WTO), the economic crisis completely twisted the agenda. At the end, the Prime Minister Topolánek ended up having to defend the basic principles of the European market from the temptation of many European leaders to resort to "new protectionism", often hidden under the search for a "new capitalism". Many of related issues were tackled at the two economic summits in March 2009. Their outcome was clearly a success of the Czech presidency, as it the EU leaders endorsed their commitment to the single market, to co-ordination of the national measures (such as bank rescue plans or car-scrapping schemes) at the EU level and agreed a joint position for a G20 meeting in London in early April. Apart from this, the presidency was surprisingly skilful in negotiating many of the economically-linked legislative deals inside the Council and with the European Parliament, which was not expected due to the latter's ending term, including issues such as the third energy package, aviation package, Solvency II directive and many others. The issue on moving certain services to VAT reduced rate which was blocked in the Council for many years was also resolved during the Czech tenure. Overall, the

presidency pushed over 50 Council decisions, which is not a bad score even for far bigger EU member states.

### **On the energy**

Regarding the energy issues, the energy security was the main focal point of the presidency and its importance was further reiterated by the Russia-Ukraine gas dispute in January and February 2009. The Czech presidency managed to engage efficiently in negotiations between Moscow, Kiev and Brussels, with a strong personal involvement of the Prime Minister. It was followed by taking up the energy issues for the European Council spring meetings, which resulted in the reiterated support (including extra EUR 200 million) for the Nabucco project, and EU financial commitments of EUR 5 billion to improve energy interconnectivity among the member states as well as energy infrastructure. On the other hand, one of the Czech flagship initiatives – the Southern Energy Corridor summit held in Prague in early May 2009 – did not bring any particular commitments from countries such as Kazakhstan, Turkmenistan and Uzbekistan to supply gas to Europe, thus leaving the Nabucco project without a clear perspective of profitability and economic viability.

### **On the external relations**

In the external relations, the choice was on three areas: Eastern partnership, Transatlantic relations and Western Balkans. An extra fourth priority, which was upgrading the EU relations with Israel, turned out unachievable after the Gaza crisis and the victory of Netanyahu's Likud Party in Israel. The Eastern partnership finally became the main flagship initiative in the external relations arena. The project was successfully endorsed by the regular March European Council and launched at the first Eastern Partnership summit in Prague on 7 May. The success was that the concept was approved by the other EU partners, some of them fearing that the initiative is primarily anti-Russian and seeking the reallocation of funds in favour of Eastern neighbours. The shortcoming was the lack of interest on part of the Eastern partners, some of them dissatisfied that the EaP fails to give the prospect of EU membership (Ukraine), others afraid of worsening of their relations with Russia (Armenia, Moldova). Regarding the Transatlantic relations, apart from organising the first meeting of the 27 EU leaders with President Obama in Prague not much has been achieved. Moreover, some clashes between Topolánek and the new US administration occurred concerning the US economic rescue package or the missile defence shield. However this was so much due to the Czech failure – the new US administration was still in the process of formation during the Czech presidential term. As for the Western Balkans, the presidency's record was arguably the most disappointing. The Czechs did not manage to move the border dispute between Slovenia and Croatia to the bilateral framework and thus unblock negotiations, nor did they manage to unblock the Greek-Macedonian name dispute. Although things have moved in visa liberalisation (mainly on the Commission side), the Council did not take a decision on lifting the visas for those countries closest to the visa free regime (i.e. Macedonia and Montenegro). The only tangible sign of progress was the Council decision to request the Commission for the assessment of the Montenegrin application to the EU.

### **High point test: the June 2009 Summit**

Rather unexpectedly, the June 2009 summit, which was already headed by the technocratic Prime Minister Fisher, negotiated an agreement with Ireland on the necessary legal safeguards for the Lisbon Treaty, including its substance and legal form, paving the way for the second Irish referendum and keeping the perspective of ratification open. This was despite the scepticism after the fall of Topolánek's government that the Czechs will not be able to handle the June summit at all, leading some senior EU policy figures to arguing it should be a pure courtesy meeting with an extraordinary European Council convened early in the Swedish presidency. The summit also endorsed Barroso as the European Council's candidate for the president of the future European Commission and also agreed the framework for the EU supervision over the financial markets.

### **The image issue and lessons to be learnt**

Undoubtedly the biggest failure of the Czech Republic during its presidency term had nothing to do with the EU policy making per se - to bring down the government in the middle of its term. Not that this would be so detrimental for the presidency's everyday activity, as the administration in charge of running the day-to-day presidency business was kept in place. The discontinuity of the

political leadership, however, deprived the Czech Republic of the necessary political clout in some of the key events, such as the EU-USA, Eastern partnership or Southern energy corridor summits. Secondly, it was a sign of immaturity of the Czech politics vis-à-vis the EU obligations, as it assured many of the EU partners that the politicians in Prague are putting the internal political squabbles ahead of the country's EU commitments, especially at the time when the EU needs strong leadership. This linked to the explicit Euroscepticism of President Klaus severely damaged the reputation of the Czech Republic in the EU. What's more, the Czech case can set a certain pattern where the other countries from Central and Eastern Europe will be treated with similar suspicions from EU-15 when they assume their presidencies.

Despite the relatively full policy agenda and a considerable number of deals and achievements, one thing in which the Czech presidency was not very good was in building its image outside of the Czech basin. The starting position was not easy - sceptical remarks about the upcoming Czech EU presidency appeared, particularly in the French press, already before its start and continued throughout the Czech presidency, picking up on every single Czech shortcoming. They pointed to the inexperience of the Czechs, fragile political situation at home, the Euroscepticism of President Klaus, the fact that the Czech Republic is a small economy outside the Eurozone not able to mediate the responses etc. Sometimes this culminated in quite unacceptable conclusions and assumptions floated in some European media, such as that the small countries are unable to efficiently manage the presidencies. Judging from the past experience, small countries' presidencies were often far more successful than the big ones, due to their capacity of honest brokers and capacity to negotiate generally acceptable deals. One can think of the Italian presidency in 2003 where the IGC on the Constitutional Treaty failed, or even the French presidency in 2000 which negotiated the Treaty of Nice, however, the EU has been trying to get rid of it - without much success- ever since it was adopted.

The Czechs could have learnt far more from their French predecessor how important it is to work on its self image. If we look at the policy output of the French presidency of 2008, it was not so impressive - apart from the energy-climate package. The highly praised Sarkozy's engagement in Russian-Georgian conflicted resulted in an armistice negotiated without European Council's mandate and abruptly neglected by the Russians. Sarkozy's activism was mainly focused on convening endless meetings of G20, G8, Eurozone, but with no clear outcomes. The original French priorities set for their presidency remained very much on paper. Yet, the aura of Sarkozy constantly travelling around the globe, holding meetings, press conferences and summits, is something that will eventually be remembered by the policy makers, journalists and officials. Surely it has been much more difficult for Topolánek who is not a prime minister of a big country, did not have a strong domestic mandate and did not have the other government parties or the press always backing him. But for sure he could have done more to assure the smooth execution of the presidency, the least being the "armistice" deal with the opposition, such as in the case of Slovenia a year earlier, and work out a more positive relations with the foreign media.

It seems at times the main idea of image building of the Czech presidency was to provoke. It includes the first promotional spots of the presidency with the slogan "We will sweeten Europe" (having a double sense in Czech and targeted mainly to domestic audience, but receiving wide attention even abroad), as well as to the installation of "Entropa" in the Council building. It was only natural that this strategy would evoke very divisive reactions. For many relevant stakeholders such controversial self-promotion, build on particularly "Czech" way of seeing things rather cynically and with often incomprehensible sense of humour for others, was naturally a source of further negative reflections on the Czech presidency, especially when linked to the dubious other steps of the presidency (e.g. hesitant attitude of Topolánek linked to the Lisbon Treaty ratification inside the Czech Republic).

The Czech presidency was placed within a very complicated context, both internationally with the economic crisis on a surge and unsettled issues inside the EU, including the future of the Lisbon Treaty, as well as internally with a fragile support of the government eventually breaking up and paving the way for the caretaker government to take over. Despite this, the presidency managed to deliver on many of its priorities, albeit not in a way and to the extent that it was hoping for. The policy performance, however, remains considerably diluted due to the negative image that the Czech policy makers allowed to build around the presidency, and most importantly due to the incomprehensible change of government in the middle of the term. The Czech experience illustrates that the impact of the presidency is not measured solely by what it does or doesn't do, but also how it manages to market itself. Hopefully this lesson will be something that the other new member states of the EU will be able to build upon when they take over their EU presidency tenures.

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