



Outlook

2022 Czech presidency of the Council of the EU



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Introduction

The Czech Republic is set to hold its second Presidency of the Council of the EU in a couple of weeks. From a historical perspective, the country has a chance to improve its negative image caused by the collapse of the Czech government during the last 2009 presidency. There is simultaneously an opportunity to help the EU overcoming challenges posed by the Russian aggression in the Ukraine. The Czech Republic has been active in its support to the Ukraine, and along with Poland and Baltics states has managed to influence Western reaction to the Russian unjustified and illegal war. The presidency might give the CEE an extra opportunity to work further in supporting the Ukraine.

Still, the presidency of the Council of the EU will not only revolve around the current affairs, but the presidency state will also have to push further the EU legislation process. In this respect, the Czech Republic will take over a large pile of legislative files from the French presidency, such as the Fit for 55 Package or New Pact on Migration and Asylum.

The following article analyses the main challenges for the Czech presidency. It is divided into three sections. Firstly, it discusses the political context of the presidency, e.g., what are the current European challenges and what topics are high on the agenda. Secondly, it focuses on two levels of presidency's work – the political and legislative agenda. The reason for this is that “political priorities” of the presidency do not necessarily have to be aligned with the ongoing legislative process. Furthermore, the political priorities are also the primary area where a state holding presidency can project its agenda-setting power. The latter, legislative agenda follows the legislation process of the EU. The chapter discusses, what files will the Czech presidency inherit from the French and in what area we can expect the Czechs to put extra effort to conclude the negotiations.

Understanding the Presidency Context

Institutional framework

The most prominent feature of the Czech 2022 presidency is the fact that it will take place approximately in the middle of the EP legislation period. This means that there will be only a very limited opportunity to start negotiating new files from the very beginning¹. Simultaneously, the Czech presidency will be under pressure to move forward drafts that already are in various stages of negotiations, especially those in the conciliation committee. As of now, it is not yet clear what concrete files will be left over from the French presidency, however, some glimpse into the possible activity of the Czech presidency will be presented further in this article.

Secondly, one must understand that the EU institutional framework has changed since the last Czech presidency in 2009. The EU has its High Representative for CFSP, and the European Council is being chaired by its permanent President. As a result, the presidency now focuses more on running the European legislative process, and less on “political agenda”.

This leads to a problem that the Czech presidency might face, namely lack of workforce in the public administration. The former cabinet led by Andrej Babiš allocated only a quarter of the original 2009 budget to the public administration. After public outcry, the government decided to hire more personnel. However, it is well possible that the Czech presidency will have to prioritize legislation and leave aside proposals that are less crucial for the presidency to be enacted. In any case the non-presidency EU agenda will be heavily impacted by the shortage of workforce in the Czech Republic as public servants from EU departments were transferred to tasks linked to the presidency only.

¹ Notable exception here being the new RePowerEU package.



Political context

The Czech presidency will have to deal with a changing political reality. Firstly, the Russian illegal and unjustified war against Ukraine has completely altered the global geopolitical environment, caused a massive refugee flow, and exposed the current EU energy policy as too reliant on Russia. One of the primary tasks for the Czechs will be to implement plans that will allow the EU to survive the 2022/2023 winter heating season, should the Russians stop delivering fossil fuels to Europe.

Simultaneously, the EU and the Czech presidency will have to focus on mitigating economic impacts of the Russian war in Ukraine and the COVID-19 pandemic, such as high inflation rate, slow economic growth, and further disruption in supply chains. Unlike during the previous economic crisis, the sky-rocketing inflation will not allow the member states to stimulate their economies to the same extent, as such stimulus would be more costly due to higher interest rates, and the inflation continue its staggering rise.

Presidency programme

Political level

It would not be an exaggeration to say that the Czech Republic will hold a “wartime presidency”. The Russian war on Ukraine completely changed the geopolitical landscape in Europe, and the EU will have to adjust a wide range of its policies – everything from energy policy to foreign and neighborhood policy. As a result, it can be expected that the Czech government will shape its presidency political agenda around the war and the EU’s reaction on it.

Firstly, the Czech presidency will very likely try to frame the debate about “green transition” as a mean to achieve a more secure EU energy policy. This does not mean that the Czech government would not (reluctantly) support the decarbonization, but it will try to put focus on it as a mean to substitute foreign fossil fuels imports. Should such a narrative occur, it would be a smart move, especially considering the audience in the CEE, where economic transformation has been met with skepticism. It might eventually help to raise support for the transition while at least partially mitigate the risks towards watering down the EU's climate goals

The energy security narrative also fits well to the short-term political challenges – substitution of Russian fossil fuels with more secure and reliable supplies. In informal discussions, Czech government officials tend to say that energy transition, including Fit for 55 legislation are a way forward, however, only in the long run. Europe is now in a situation where it cannot be sure it will have enough fossil fuels for the winter season. The new European Commission’s package RePowerEU might help, but one can doubt that it will be implemented in full and on time.

A second major topic to be discussed during the Czech 2022 Presidency is the post-war reconstruction of Ukraine and its closer integration to the European Union. The latter will be especially contentious. Although most EU states supports a membership perspective for the Ukraine, it is not clear yet, whether the country will be invited to the accession process or how long this might take. In this respect, a broader discussion about future EU enlargements is needed. The Union cannot allow that Ukraine becomes another Turkey or Western Balkans, staying for decades outside of the EU and simultaneously being subjected to the accession process. Either there will be other form of membership with all (geo)political consequences, or the EU must show political will to grant full membership those fulfilling criteria.

Finally, the Czech Republic can be expected to address cost-sharing of the refugee influx from the Ukraine. Unlike in 2015/2016 the CEE region is now the main target of persons fleeing war, and this situation is putting national budgets under the strain. In this respect, we can anticipate a renewed discussion about how the European solidarity should work. It is still hard to imagine that the debate would lead to redistribution system, however, the Russian war might give a bit of impetus to the New Pact on Migration and Asylum, especially to the “internal dimension”, which has been neglected. The progress, so far, has been achieved only in the realm of the external dimension.



Legislative level

It can be expected that the main activity of the Czech Presidency will focus on existing files in the legislative process, and the new proposals listed in the recently introduced RePowerEU package. The French presidency has made a significant progress in the digital agenda (DSA, DMA, DGA), and managed to implement most of the proposals in the post-COVID EU health reform. There are, however, significant leftovers in the Fit for 55 package, as well as in the New Pact on Migration and Asylum.

As implied in the previous chapter, we can presume that the Czech presidency will put extra effort on energy security. This means that the goal will include finishing triologue negotiations of the ETS system reform, CBAM, Regulation on energy efficiency of buildings as well as the legislation establishing the EU Climate Fund. There is also a new regulation of the emission standard for passenger vehicles, which was recently passed in the European Parliament and must be approved by the Council; and this might prove difficult to process for the Czech presidency.

The country is heavily dependent on automotive industry, and transition to BEV will cause disruption in the Czech economy. Simultaneously, the BEV are extremely unpopular in the country. The Czech government will therefore have to decide how to approach the topic – to what extent it will play the honest broker role and to what degree it will facilitate adoption of a law it will be criticized for. In any case, the cabinet is sitting on an unexploded political bomb.

Another controversial and simultaneously very important topic will be a progress in negotiations about the New Pact on Migration and Asylum. Based on informal discussions with Czech public servants, the Czech Republic will likely utilize a “gradual approach” similar to the French presidency. The country will focus on rather uncontroversial files and leaving the politically contentious proposals to others. In this respect, the Czech government will mainly cover the external dimension of the Pact, as well as one bill focused on protecting refugees and migrants from sexual abuse.

Finally, the Czechs will work on the legislation contained in the RePowerEU package. A special emphasis will be put on two overarching proposals. One, facilitating the construction of new pipeline interconnections and LNG terminals. And two, adjustments to EU energy policy intended to facilitate development of renewables on the continent.

Benchmark for a successful presidency

Choosing the right success benchmark is difficult, it always depends on the expectations and ambitions. In this respect, the overall sentiment in Brussels and EU capitals shows a rather low bar. No one expects that the Czech presidency could make miracles, and a mere controversy-free half a year would be considered a success. After all, the Czech Republic is a mid-size state that is not known for its agenda-setting power and clarity in its EU policy. The other EU states will closely watch the legislation process, and the Czech performance will probably be evaluated as positive if the country manages to finish at least some of the Fit for 55 bills.

From a Czech perspective, the expectations are quite similar. The main theme is to survive the presidency, not to make any serious mistake and help the EU to overcome the upcoming winter heating season.

On the other hand, there are some ambitions with regard to the political discussion about Ukraine. The Czech government would like to contribute to a strong support for the Ukrainian cause, including clarity on whether the country will be granted a membership perspective. Should this materialize, it will constitute a significant success. The same also applies to securing energy sources for the 2022/23 winter season – any progress in this area will be highly appreciated and will leave

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