

POLICY PAPER

Evaluation of the Czech EU policy in 2018

Vít Havelka, Louis Cox-Brusseau

- **According to public opinion polls, the Czech public is very skeptical about the Czech Republic's ability to influence EU decision making¹. As anywhere in Europe, the EU is usually blamed for failures whereas successes are presented as something achieved despite the Union's existence.**
- **There is also a deep-rooted belief that European law is adopted without participation of the EU member states, or that the voice of medium and small countries is silenced by the large states such as Germany and France.**
- **In general, the public debate concentrates on the shortcomings of the EU's political system (usually without in-depth knowledge of its intrinsic workings) and, to much lesser extent, on the capability of Czech public service and politicians to define and successfully pursue Czech EU policy.**



¹The following paper reacts to this lack of discussion and sheds light on the successes and failures of the Czech EU policy in 2018 and comments on the changes that the public service has undergone in the last year. The text is divided into several sections, each covering one of the following dossiers: Czech Institutional Coordination, Single Market & Economic Policies, Justice and Home Affairs, Foreign and Defence Policy, and Outlook for 2019/20. The policy brief is based on the in-house expertise of the EUROPEUM Institute for European Policy, publicly accessible sources and semi-structured interviews with a dozen of Czech public servants. Finally, we do not strive to give an unbiased and hard-data-based commentary on the Czech EU policy. The following text should therefore be perceived as a subjective perception and interpretation of the Czech conduct based on our own expertise and inputs gathered in semi-structured interviews.

Czech Institutional Coordination

Before we dive into the topic-specific chapters, we would like to make few general remarks. The year 2018 was a turbulent time for the Czech Republic and its EU policy. The first six months of the year were marked by an intense political uncertainty caused by the struggle of the incumbent Prime Minister Andrej Babiš to win confidence for his government in the Czech Parliament. As a result, most of the coordination of the Czech EU policy took place in a vacuum without a proper political leadership. As a result of this political turbulence, there was a distinct lack of leadership in the Czech Republic's EU policy as Czechs, both the general public and the political elite, was mired in domestic political disputes

This lack of political guidance was, however, an advantage for the Czech public service as, for most of the year, no abrupt changes occurred on the administrative level of the Czech EU policy coordination. Only in late Fall 2018, the Czech public service experienced several significant staff replacements. The Czech Sherpa Aleš

Chmelař was moved to the Ministry of Foreign Affairs and two senior public officers responsible for coordination of the Czech EU policy left the Office of the Government² due to lack of political support from the new Czech Government. Although there is no proof that the replacements have decreased the effectiveness of the Czech EU policy coordination, several public servants confirmed to us that the changes have had an impact on how their institution operates. Their criticism, however, did not revolve around incompetence of the new officers, but around the mere fact that every institution needs some time to fully adjust to new personnel.

Most of the public officers expressed their satisfaction with the current level of the political leadership. The policies are clearly defined, and they think the political elite gives them enough political support so that they can effectively communicate Czech positions to their European counterparts. The only objection revolved around the managerial style of the incumbent prime minister Andrej Babiš. He sometimes acts confusingly, and spontaneously makes decisions without consulting the public administration. As a result, the public servants sometimes pursue different policies than the ones being communicated at political level. This leads to inconsistency that hampers Czech ability to influence decision-making at the European level – clarity and cohesion are always the most precious bargaining chips.

Single Market & Economic Policies

The Czech Republic has always been a strong proponent of the deepening of the Single Market (SM) as Czechs have heavily profited from the access to the internal market. On the other hand, Czech businesses continue to feel the limits of the persistent bureaucratic barriers that the EU has not managed to lift since the creation of the Single Market in 1993. The importance of the SM for the Czechs is further underlined by the fact that they tend to present their

¹ <https://www.stem.cz/evropska-unie-krok-vpred-dva-kroky-vzad/>

² The Czech Office of the Government is formally responsible for the coordination of the Czech EU policy at the administrative level.

support to deepening of the SM as their positive contribution to the general idea of the united Europe.

Looking back at the year 2018, it seems evident that the Czech EU policy deviated from its stated objectives and did not fulfill its stated objectives. In this sense, the Czech EU policy adopted a rather defensive and passive posture. The newly elected French president Emmanuel Macron launched a strong campaign against social dumping that eventually materialized in form of the posted-workers directive revision and the new mobility package. Although limiting free movement of labour does not go against vital economic interests of the Czech Republic³, as a matter of principle, the Czech government strongly opposed any changes which would aggravate the workers' ability to move through Europe. Czechs resorted to damage-control rather than their preferred role as agenda-setters. Nonetheless, according to the interviewed public servants, the anti-reform coalition managed to limit "the greatest scrapes", and the Czech Republic eventually supported the final compromise.

The Czech Republic was also not entirely successful in respect to the Energy Union. In 2016, the European Commission proposed the so called "Winter Energy Package"; eight legislative proposals that should facilitate EU's transition to a clean energy economy, and reform the Union's internal energy market. A key part of the legislation was the new targets for transition to the renewable energy sources and CO2 reduction. The Czech Republic, as a state with unfavourable environmental conditions and heavily depended on coal and nuclear energy, did not welcome the final compromise, which tightened the previous obligations. It is, however, difficult to evaluate if the Czech Republic was entirely unsuccessful. The European trend does not favour nuclear as well as coal energy, which means that the Czech Republic completely swam against the tide. Even if it mobilized all its resources, the general circumstances would probably not allow any achievement.

³ The Czech Republic is the only CEE country that experiences net EU immigration, and its firms focus on domestic production.

Despite being relatively unsuccessful and reactive in the above-mentioned dossiers, the Czech Republic also managed to be an agenda-setter in others. After several years of a constant effort, Czechs and their fellow CEE allies succeeded in their struggle against the practice of dual-quality food as the European Commission included prohibition of this unfair conduct in the "New Deal for Consumers" package in Spring 2018. It is yet to be seen if the determination proved successful as the European institutions has not agreed on the final wording of the bill at the time of writing. Still, we can consider the fight against the dual-quality of food as a successful policy since the Czech Republic and other CEE member states managed to shift the European discourse and transform it into a concrete legislative process.

The same success story applies to the Reverse Charge Directive, which had been a European policy flagship of the incumbent Prime Minister Andrej Babiš for more than 3 years. The Czech EU negotiator had to resist an intense pressure from France that strongly opposed the legislative reform. Only in October 2018, the Czech and French representatives managed to reach an agreement on a compromise draft. The Czech Republic exchanged its blocking of another VAT reform proposed by France for French supporting the reverse charge reform. In this sense, the Czech envoys successfully exerted their veto power in area of taxation.

Justice and Home Affairs

Czech home affairs during 2018 were marked by two stagnating factors affecting the wider sphere of Czech politics in general; firstly, the instability at the heart of Czech government generated by the lack of confidence in the Babiš government, and secondly, the morass of issues arising from the EU's response to the global migration crisis and the subsequent fallout between the Czech government and EU institutions over resettlement quotas. With these two issues occupying much of mainstream media and public debate in the Czech Republic, Czech involvement in wider

European affairs diminished, with concurrent stagnation in various domestic areas otherwise ripe for progress, particularly security and defence cooperation, reform of the internal market and social policy. The eventual resolution of the instability of the Babiš government saw a return to the status quo in Czech domestic politics, but with the result that progress in many areas had been considerably delayed by an atmosphere of uncertainty that discouraged innovative solutions to long-term issues.

Fundamental developments in European policy proposed by Germany and France in the Meseberg Declaration before the June 2018 European Council meeting exposed divisions in the Union over the Eurozone and how to reform asylum and migration policies; yet whilst there were significant differences of opinion between EU member states on these issues, elsewhere the groundwork was laid for greater future cooperation, particularly in security and defence and in safeguarding the future of the Union from external hybrid threats. It is surprising that Czech policymakers and politicians were not more vocal in presenting the Czech point of view during the EUCO meetings, and instead claimed a victory of sorts when the June EUCO meeting failed to reach an agreement on a putative common European asylum policy, with a default to the imperfect status quo hailed by some Czech politicians as a victory.

Indeed, with fairly fundamental policy development elsewhere in the EU throughout 2018, and cracks in the Franco-German power bloc more apparent than before, it is surprising that with the exception of proposals on migration Czech involvement in European policy appeared largely unenthusiastic. Indeed, with an increase in anti-migration sentiment and Islamophobic rhetoric in mainstream political dialogue, European-facing policy in the Czech Republic focussed almost entirely on the issue of migration quotas, to the exclusion of significant involvement in European reform and to the detriment of broader relations with the EU institutions.

Broadly, this inwards-looking tendency at the highest level of Czech politics might be seen as a consequence of the instability in the domestic scene. However, the concentration of power around Mr. Babiš in the current government may also be to blame, and more fundamentally the root cause of a wider lack of interest in European issues within the Czech Republic. With the politicisation of migration-related issues in domestic manifestos, the scapegoating of European institutions for domestic woes and the absence of a highly motivated, well-defined opposition to the Babiš government, it is perhaps less surprising that political discourse on home affairs focussed on 'softer' targets. The prospect of reform – domestic or European – seems to have been regarded as a significant risk by Czech policymakers, whose actions – or lack thereof – indicate a desire to maintain short-term domestic influence in an imperfect system rather than commit to longer-term reforms.

Foreign and Defence Policy

At the outset of 2018, the political instability gripping the Czech government created a situation in which foreign policy remained largely stagnant, with little political will to enact sweeping changes against a backdrop of internal uncertainty. Despite the development throughout 2018 of several critical European initiatives aimed at improving integration in security and defence and foreign policy coordination across the Union, Czech involvement in these spheres lagged behind what might have been hoped for – whether intentionally, due to significant Eurosceptic sentiment reflected in Czech government and populace, or as a result of political inertia due to the instability afflicting the Babiš government.

Up until 2018 Czech foreign policy had been occupied by several critical issues, notably the Czech support for sanctions on Russia following the illegal annexation of Crimea and subsequent deterioration in Czech-Russian relations, the ongoing debate over Czech-Chinese relations and questions of Chinese political influence, and finally the raft of problematic issues arising between the Czech Republic and EU as a result of the 2015 migration crisis. It may therefore not come as a surprise that 2018 saw a shift away from multilateralism – a core tenet of Czech foreign

policy since the Velvet Revolution – and, if not an outright retreat, a broader reluctance to become involved in cooperative efforts in the wider foreign policy sphere. This may be attributed to negative domestic perceptions of EU integration among the Czech populace, made significantly worse by the global migration crisis; however it is clear that such negative perceptions – whether justified or not – were intentionally exacerbated by Mr. Babiš supporters in government in reaction to the ongoing diplomatic/legal spat between Mr. Babiš and the European institutions. Despite a few positive contributions to cooperative efforts, therefore, Czech foreign policy progress continued to be held back by the resultant inertia that characterised Czech politics for much of 2018.

Some more encouraging signs were apparent in the sphere of security and defense. Broadly, Czech policy toward security and defense tends to be largely supportive of cooperative efforts across the Central European region, especially where such efforts are coordinated by NATO. The Czech armed forces contribute military units to multinational battalions operating under the auspices of European Union cooperation, visible in the integration of the Czech Republic's 4th Rapid Deployment Brigade with the Romanian 81st Mechanized Brigade and German 10th Armoured Division in February 2017. Furthermore, the activation of the Permanent Structured Cooperation (PESCO) in December 2017 opened the door to much deeper EU-Czech cooperation in security and defence. PESCO's activation was followed in short order by the announcement of several projects intended to promote great structural cooperation across participating EU Member States. As a participant, the Czech Republic has cooperated efficiently if minimally within the framework of PESCO, contributing to the three major projects of European Medical Command, the Military Mobility Project and the European Union Training Mission Competence Centre. Czech research and development also contributed to smaller projects including the development of the European medium-altitude long-endurance (MALE) remotely piloted air system (RPAS), formerly the EuroDrone project. However, Czech participation within PESCO, whilst encouraging, certainly has unrealised potential; this was recognised early in 2018 in the efforts of Czech Minister of Defence Karla Šlechtová to commit the Czech Republic to

more extensive participation in the second wave of PESCO projects. In particular, the lack of project proposals from the Czech side is one area the Czech Republic could at once deepen its cooperation with the European defence framework and advance its own standing within the Union by acting as an agenda setter, creating a path for other V4 nations to follow (of whom only Slovakia currently leads on a PESCO project, the EuroArtillery programme).

Outlook for 2019/2020

Most of the government officers agreed that, during the upcoming two years, their agenda will mostly depend on the new European Commission's working plan. In this respect, the Czech public administration will be occupied with the struggle to appoint reasonable candidates for the EU top jobs. The current Commission is known among the Czech public servants as not being responsive to the CEE, and Czechs often complain that the EC favours opinions of the original EU15, especially France. Consequently, Czechs will try to push through individuals with a deeper understanding for CEE problems and challenges.

That being said, there are dossiers that will be important irrespective of the Commission's staff and their political affiliation. Firstly, the new college will have to finalize the post-2020 Multiannual Financial Framework (MFF). As of now, it seems that the negotiations will be concluded in October 2019, meaning that most of the talks will take place in July and September this year. For the Czech Republic, it will be important to achieve a greater flexibility of where it can invest funds received through the Cohesion policy, and to minimize the effects of capping of agricultural subsidies.

Secondly, we expect migration to remain one of the most important topics in the upcoming years. The debate will furthermore revolve rather around external aspects of migration than reform of the Dublin III regulation, despite reform of that and the Common European Asylum System being sorely needed. Based on the conducted interviews, there is no reason to believe that the Czech migration and asylum policy will change in the future; thus, the Czech Republic will further try to block any mandatory relocation quotas. Luckily for Czechs, the European mainstream has

shifted since 2015, so they are now a part of a broader coalition including Germany, Austria or Denmark.

Finally, the EU will very likely try to progress in deepening the Single Market. More stress will be put on the common digital market, and presumably social pillar of the EU. For the Czech Republic, it will be crucial to prevent any protectionist tendencies among other EU states. It might

well happen that, along with the deteriorating economic growth, there will be more demand for protection of domestic labour markets. Furthermore, the CEE should closely watch debates revolving around the Social Europe. Its economic models are still based on well-educated and relatively cheap labour, and any rapid harmonization of welfare systems or minimal wage might inflict economic disruptions.

Louis Cox-Brusseau

Louis Cox-Brusseau is a research fellow at the EUROPEUM Institute for European Policy. Before moving to Prague, Louis was engaged as a Policy Advisor on the European Parliament's Foreign Affairs (AFET) Committee in Brussels, including the Security and Defense and Human Rights subcommittees. During his time in Brussels, Louis was special advisor for budgetary and financial issues in the AFET sphere, as well as covering migration, cyberwarfare, Russia and the Eastern Partnership and foreign direct investment within the EU. Since moving to Prague, Louis has written papers for regional and international journals on areas including Euroscepticism, foreign direct investment, the V4-China relationship, and on post-Brexit scenarios for the EU and UK. He holds a bachelor's degree from the University of Cambridge and two Master's degrees from Cambridge and King's College London.

Vít Havelka

Vít Havelka is a Ph.D. student at the Department of European Studies, Institute of International Relations, Charles University in Prague. Mr. Havelka focuses on institutional relations of the EU and its member states, the EU budget, Europeanisation, and the transformative power of the EU. Since 2016 Vít Havelka was employed as the Political Officer at the Norwegian Embassy in Prague, and from February 2018 he is a Research Fellow at EUROPEUM.



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