



Asociace  
pro mezinárodní  
otázky  
Association  
for International  
Affairs

# Newsletter

## European program

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A Bi-monthly Review of European Affairs from the Czech Perspective

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#### Mini-analyses

##### **GAERC: The End of Sanctions against „Disobedient States“?**

Vladimír Beroun, Jana Drlíková

Prior to the summit of the European Council, the General Affairs and External Relations Council held a meeting in Luxembourg on 13 October. The main issues discussed concerned, among others, Belarus, Uzbekistan, Georgia, Moldova, Mexico and Zimbabwe. The Council welcomed the progress in most of the above mentioned countries with the exception of Zimbabwe, which received criticism for the nonacceptance of the election results during the formation of the government.

In the case of Belarus, the Council decided to lift the political embargo imposed on leading Belarusian representatives in November 2004, despite the shortcomings observed in fulfilling the OSCE criteria for democratic elections. The Council will reconsider its decision after six months during which restrictions will not be applied. The Council also welcomed the progress that had been made in Uzbekistan during the last year, especially the fact that the prominent defender of human rights Mutabar Tojibaeva was allowed to travel abroad, but also the reforms in the field of justice and human rights. Nevertheless, Uzbekistan has to reconcile to the ongoing arms embargo for another year. With regard to the Russia-Georgia conflict, the Council expressed its satisfaction with the withdrawal of the Russian troops from South Ossetia and Abkhazia. The representatives of the Council confirmed that Georgia continues to be EU's area of interest. They highlighted the importance of a monitoring mission and welcomed the call for Donor's Conference for Georgia in Brussels on 22 October, initiated also by the Czech government. In future, EU intends to enhance the existing cooperation with Moldova to include a free trade area, and to establish a strategic partnership with Mexico.

At the meeting, the Czech Republic was represented by Karel Schwarzenberg, the minister of foreign affairs, who warned about the dismal situation after the Russia-Georgia conflict in August, and by Alexandr Vondra, the vice-premier for European affairs, who pointed out that EU should not rush into renewing the talks on strategic partnership with Russia, which had been suspended just after the conflict. The other post-communist countries; Sweden and Great Britain share the same position.

## Financial Crisis and its European-Style Solution

Michal Vít, Marián Zachar

The financial crisis in the United States has already ruined a few investment houses and so it was just a matter of time, when it will arrive in Europe too. That happened in September, when it struck with full force Fortis, a Belgian-Dutch bank which had to be taken over by French BNP Paribas. Even though the symptoms of the crisis have been known for a longer period of time, an elaborate plan to save financial markets is still not available.

At the summit of the EU Council on 16<sup>th</sup> October 2008 in Brussels, the EU tried to come up with a complex solution and the representatives of euro zone and Great Britain agreed on basic principles that should help in the process of coping with the crisis: providing state guarantees for new loans, financial help for European banks, covering interbank market with the goal of increasing liquidity and new accounting rules.

The president of the Commission, José Manuel Barroso proposed that the EU-27 states adopt a common policy in order to solve the crisis – creating a common fund similar to that in the US and uniting their rescue plans, which today amount to more than one trillion Euros. However the representatives have agreed at the summit, that member states will keep the competence to create rescue plans and common policy will only be consulted at EU level, which was welcomed by president N. Sarkozy as a significant success. He stated that Europe has learned its lesson from previous mistakes, when approach was not coordinated and consulted enough.

Nevertheless the Czech Republic does not share the French president's enthusiasm. According to Miroslav Kalousek, the current plan could cause violation of free competition on the markets, which is in its liberal and deregulated form described by leftist analysts as one of the causes of the crisis. Last week the government raised state guarantees for bank deposits from 25 to 50 thousand Euros with one hundred percent guarantee. This could be interpreted as a largely psychological step to calm the citizens, because according to most experts the CR is not directly threatened by the crisis.

## EU Heading towards Tougher Immigration Policy

Alena Falathová, Karel Ulík

In the shadow of the financial crisis, the French presidency has celebrated a significant success in the field of immigration policy. At the EU summit in Brussels, the European Council has adopted the Pact on immigration and asylum, which declares the principles of EU member states' immigration policy. It is concerned with five main areas: legal migration and immigration control of illegal migration, strengthening of border controls, common asylum system and partnership with third countries.

Even though politicians consider this a great success, critics point out that these fields have already been included in the Tampere and Hague programmes and that the Pact does not bring any breakthroughs. Due to the pressure of some countries, measures concerning the prohibition of mass regularization and mandatory integration contracts for immigrants were removed from the original French draft. However the trend of more restrictive approach towards immigration is still apparent. Nevertheless it is possible to expect that in regard of the common Schengen space, introduction of new collective rules will have to be discussed.

The weak spot of the new pact is notably the fact that it does not transfer any significant competence to the European level. Member countries have retained the decisive word and the EU institutions are left out of the decision process. Therefore the fact that the pact defines migration as one of the main future priorities of European policy can be viewed as its only benefit.

The Czech Republic's stance towards the main points of the document is positive. Ivan Langer, minister of interior, has even said that "this is a breakthrough document, which will set general principles according to which EU policy in the field of immigration will be created". The reservations of the Czech representatives were limited mainly to the fact that the Pact mentions only the responsibility of employers, while the responsibility of immigrants is not discussed. The implementation of the Pact will be managed by the Czech and notably the Swedish presidency, whose task will be to negotiate a follow-up to the Hague programme.

### What will be the Eurovignette Directive Amendment like?

Václav Bacovský, Katarína Lokšová

Ministers of Transport met in French La Rochelle at the beginning of September in order to discuss the Commission's proposal to revise the so-called Eurovignette directive concerning charges for heavy goods vehicles for the use of certain infrastructure (1999/62/EC). In its proposal from 8<sup>th</sup> July 2008 the Commission stresses the approach "who pollutes should pay."

The increase in traffic leads to – apart from undisputable benefits for industry and consumers in general – a growing pressure on air quality, protection from noise or growth in fatalities, which mean losses for the state in the form of expenses on healthcare, police investigation and physical damages. These are classic negative externalities, costs which are not included in the price of transport and that have to be paid from public or other budgets. The amended directive should lead to the inclusion of costs of air pollution, noise and traffic congestions in the charges for using roads. The internalization of external costs should give advantage to the more ecological railway traffic.

The positions of member countries are divided. Notably the peripheral states, which do not suffer from transit traffic, are afraid of a negative impact on their competitiveness in a time when fuel prices are increasing and truck transport is facing huge problems. The transit Central-European countries including the Czech Republic form the other camp. In the sector priorities of the prepared Czech presidency, the CR puts great emphasis on the sensitivity of the execution of internalization. If this was not the case, competitiveness of European transporters could be endangered, because their costs of transport would increase in comparison with those of transporters in third countries.

The fate of the Commission's proposal should be decided during French (but perhaps Czech) presidency in the European Parliament and the Council using the method of co-decision.

## Comments on Recent News

### Support of Democracy European-Style ≠ Support of Democracy Czech-Style

While the EU has seized the opportunity (allegedly Russia is about to increase price of natural gas) to woo Belarus, Moscow's strategic partner and support the development of democracy through ameliorating relations with local political representation (e.g. by temporary suspension of visas), Prime Minister M. Topolánek has decided to support Belarusian democracy by having breakfast with the leader of Belarusian opposition, A. Milinkevich. We will see which method is the right one.

### Poland at the Summit

The Czech political scene is not the only one that is disunited. A problem similar to that the Czech Republic lives during the squabbling between government and the Castle, was experienced by Polish citizens before the departure of Polish statesmen to the EU summit in Brussels. While the Minister of Foreign Affairs asked president L. Kaczyński not to attend the summit, Prime Minister D. Tusk even refused to send the government airplane back from Brussels and so the president had to look for a substitution. The Minister of Foreign Affairs R. Sikorski commented on the situation stating that the president has aggravated the government's position in negotiations, because now it is unclear whose word pays. More

### **The EU Flag will not Fly over the Prague Castle even during the Czech Presidency**

Radim Ochvat, spokesperson of the Castle, stated that the EU symbol will not be flown even during the presidency. President Václav Klaus had said before that he sees no reason for flying the flag at the Castle, because “we are not an EU province” and Mr. Ochvat added that NATO or UN flags are also not present at the Castle. The deliverance of Alexandr Vondra, Deputy Prime Minister for European Affairs, was rather elusive. [More](#)

### **France does not give up its Fight for Climate Protection**

Until now president N. Sarkozy has been rather successful in tempering those European countries which threatened to block further discussion. The camp of countries which oppose another phase of European emissions trading scheme includes Poland, mainly because most of its electricity is produced in coal powered plants, which is certainly not the case of France. Industrial companies also make themselves heard – they assert that they will have no other choice than to move production to countries which have not restricted emissions yet. A solution to this problem could be imposing tariffs on products from such countries according to the amount of emissions produced during their production. For the time being France has promised to review all claims individually, so the question is what will be left of the common approach. [More](#)

## **Interesting Publications**

### **Centre for European Reform**

The collective study of several analysts “[Pipelines, Politics and Power: The Future of Russia-EU Energy Relations](#)”, offers a broad view of the EU energy dependency on Russia. The study is also concerned with the dynamics of development on Russian oil market, which has lately become a visible tool of Russian foreign policy

### **International Monetary Fund**

The analysis “[Systematic Banking Crises: A New Database](#)” is concerned with the current world financial crisis. It maps the history of the crisis from its initial manifestations through its cushioning to the liquidity crisis. At the end of the work, well arranged tables and statistics with respect to past banking crises, are to be found.

### **Association for International Affairs**

“[Two-Level Games and Base Politics: Understanding the Formulation Of Czech and Polish Foreign Policy Responses to U.S. Military base Deployment Proposals](#)”. This Research paper by Michal Trník analyses the different approaches of Poland and the Czech Republic during the negotiations concerning the placement of anti-missile defence components on their territory.

## **Invitations**

### **Discussion: Georgia – Current Situation and Perspectives of Development**

**When:** 23<sup>rd</sup> October, from 6 pm

**Where:** Masaryk University - Faculty of Social Studies, Room U42, Joštova 10, Brno

**Organiser:** Student Section of the International Institute of Political Science of Masaryk University

**Guests:** Mgr. Tomáš Šmíd Ph.D - Department of Political Science of FSS MU Mgr. Vakhtang Darchiashvili - Department of International Law of Faculty of Law of MU

**Registration:** [benesova@iips.cz](mailto:benesova@iips.cz)

### **Conference: How to Cope with the New Challenges of Agriculture and Rural Development?**

**When:** 29<sup>th</sup> October 2008, 9:30 am to 5 pm

**Where:** French Centre for Research in Social Studies (CEFRES), Vyšehradská 49, Praha 2

**Organiser:** CEFRES, UZEI and Notre Europe

**Guests:** Lucien Bourgeios – ALFA, France, Dariusz Goszczyński – Ministry of Agriculture, Poland, Elena Saraceno – BEPA, European Commission

[More](#)

### **Conference: The Czech Presidency within the scope of the EU Council**

**When:** 30<sup>th</sup> October 2008, 8:30 am

**Where:** Liberal Conservative Academy (CEVRO), Jungmannova 17, Praha 1

**Organiser:** Institute for Structural Policy (IREAS) in cooperation with the Institute for Economic and Environmental Policy within the Prague University of Economics and Konrad-Adenauer-Stiftung

**Guests:** Tomáš Weiss – Institute of International Relations, Jana Hendrichová - Deputy Vice Prime Minister for European Affairs, Libor Manda – Office of the Government, Petr Kaniok - Masaryk University, Brno

[More](#)

### **International Conference: South Caucasus in 2008 and beyond: Frozen Conflicts or Frozen Peace?**

**When:** 13<sup>th</sup> to 15<sup>th</sup> November 2008

**Where:** Czernin Palace, Loretánské náměstí 5, Praha 1 (13.11.) and Liechtenstein Palace, U Sovových mlýnů 4, Praha 1 (14.-15.11.)

**Organiser:** Association for International Affairs in cooperation with Ministry of Foreign Affairs of the CR, Open Society Institute, Office of the Government of the CR, Representation of the European Commission to the CR, Embassy of Sweden and Embassy of Poland in Prague.

**Guests:** e.g. Peter Semneby – Special Representative for the South Caucasus

[More](#)

## **Upcoming Events**

### **Meeting of the Environment Council**

From 20-21 October 2008, the environment ministers will meet for the first time during the French presidency to decide on the EU's common position for the UN Climate Change Conference in Poznan, which will take place in Polish Poznan in December. At this meeting, the ministers will discuss the energy-climate package, whose requirements will probably be softened as a consequence of the financial crisis. [More](#)

### **ASEM Summit in Beijing**

From 24-25 October 2008, the leading representatives of EU and Asian countries will meet in Beijing at the 7<sup>th</sup> Asia-Europe meeting. This summit belongs to the biggest ones as to the number of the participating states, for it brings together 43 countries representing nearly 60% of the world's population. The summit will be chaired by China and the Czech delegation will be led by the vice-premier for European affairs Alexandr Vondra. The issues on the agenda will be global partnership, financial crisis, trade and security in the international relations. [More](#)

### **World Summit of Regions on Climate Change**

Because From 29-30 October, based on the initiative of the Network of Regional Governments for Sustainable Development, the first World Summit of Regions is held in the French city of Saint-Malo. The regions intend to prove their key role in the fight against global warming and the main goal of the summit is to deepen the cooperation with supra-national organizations regarding the climatic issues and to enlarge the platform for the post-Kyoto conference in Copenhagen in 2009. Attending will also be representatives of the EU Committee of the Regions, the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP) and the French Ministry of Foreign and European Affairs, the initiator of the event. [More](#)



## Presidency 2009

### Mini-analysis: How much will the Presidency Cost?

Václav Bacovský

Not long ago, the budget of the Czech presidency appeared in Czech newspaper. According to the calculations of iHNed web pages, the total amount will be 3,3 billion CZK. The reason is that to the expenses amounting to 1,7 billion CZK that were until now declared by the government, the sums spent by individual ministries have to be added. Apart from the office of Deputy Prime Minister for Foreign Affairs, these will include notably the Ministry of Foreign Affairs and the Home Office.

3,3 billion CZK is certainly not pocket money. However in order to judge its adequacy we have to put it in comparative perspective. The current French presidency operates with a budget amounting to 190 million Euros. Slovenian presidency cost 62 million Euros in total. Let's take two countries comparable (although a bit smaller) with the CR: in 2006 Austria paid 85 million Euros for its presidency and Finland about 75 million Euros. Thus the expenses of the Czech Republic amounting to 132 million Euros stand somewhere between the elevated expenses of France (for this year's presidency it will pay three times more compared to that of 2000) and more modest expenses of smaller countries.

If we count the amount on one citizen, then we get different numbers. The costs of the presidency for a Frenchman are approximately 3 Euros (counted using the exchange rate of 25CZK for 1 €), an Austrian paid 10€, a Finn 14€ and a Slovene 30€. A Czech will pay around 13€ which nears the Finnish expenses. From this point of view, Czech expenses are not immoderate. It is evident from this statistical data that the bigger the state, the lower the expenses on the presidency. For example France can benefit apart from experience with presidency, from French, thanks to which it can save some expenses for translations and interpretation. Big countries are also prepared in what concerns human resources and so they do not have to sign up as many temporary employees as in the case of the CR (365 persons in total).

### Comments on Recent News: Sarkozy, an Example for Topolánek?

Sylvie Milerová

French President N. Sarkozy and Czech Prime Minister M. Topolánek are seemingly very different, but the fact is that they have much in common. They are both heads of governments that were not afraid to push through often unpopular reforms. – e.g. health fees in the Czech Republic or the abolition of the "special regimes" for public-sector pensions in France. They have both been through significant changes in their personal life. And they have both been subject to open criticism not only because of these two facts.

While in October 2006 PM M. Topolánek had a rather stable support of 43 % of respondents, lately his popularity has been on the decline. President N.Sarkozy was voted by the majority of 53 % in May 2007 and enjoyed the support of up to 67 % of citizens in the first few months of his presidency. Nevertheless in May 2008 his support dropped to 36 % and 53 % of respondents stated, that were they given the opportunity to vote again, then they would choose Ségolène Royal.

The French EU presidency came in the right time for Nicolas Sarkozy as well as the events in Georgia and on the international markets which have drawn attention away from internal problems. Therefore today most French people support his pursuit of changes in the functioning of the EU and at the same time want the common Europe to protect them from globalisation, which is, according to Bruno Jeanbart, a political scientist, in direct conflict with its philosophy based on common market and free movement of goods. The French also appreciate his approach towards the financial crisis.

The result is that his popularity is once again on the rise and that is exactly what Mirek Topolánek needs. However the question is whether it is not too late for him to be rescued – even after the devastating defeat in regional elections he still puts on a brave face, but the loss of twelve regions is not a sign of a healthy and strong political party. Pavel Bém has already said that the party leadership should offer its resignation at the December congress and Jiří Paroubek asserted that it is unacceptable that M. Topolánek should represent the CR during the presidency. At the same time there are opinions which hold, that if the current government falls and a new expert government is formed according to the proposal of ČSSD's chairman, the only party that will benefit will be the traditionally not so EU-enthusiastic Castle.

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**The opinions expressed in this newsletter are those of the authors and do not necessarily reflect the views of the Association for International Affairs.**

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