

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

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Quo vadis, Austria? Early elections from the perspective of EU and CR

Vladimír Beroun, Michal Vít

Right-wing populism in Austria has significantly gained ground after the early elections, the final result of which is the consolidation of the Freedom Party (FPÖ) and the Alliance for the Future of Austria (BZÖ), which received almost a third of votes altogether. By contrast, who weakened enormously are both parties of the former grand coalition: the People's Party (ÖVP), whose leader and up to now vice-chancellor Wilhelm Molterer has resigned after this historic failure, and the Social Democrats (SPÖ), the unimpressive winner of the elections.

The trigger of the early elections was the row between SPÖ and ÖVP over the issue of the Austrian EU policy. Irrespective of numerous economic positives, both FPÖ and BZÖ focused their election campaign on the immigration question. The Austrian BZÖ leader Jörg Haider even declared he would like to reintroduce border checks. The right-wing extremists enjoy similar popularity also in Switzerland. Nevertheless, the Swiss rejected the populist proposal to tighten up the immigration law. A combination of aggressive election campaign and "burn-out" of the grand coalition parties has thus led to strengthening the populist parties in Austria. Government formation talks will be truly difficult: ÖVP is not united, SPÖ accuses the ÖVP of being willing to ally with the populists, and Mr Haider takes advantage of its stronger position, ready to discuss all possible coalitions. His last suggestion was a coalition of ÖVP, the Greens and BZÖ. It is expected, though, that the grand coalition of SPÖ and ÖVP will be renewed despite the clear message from voters.

With all probability, there are no noticeable changes in the Czech-Austrian relations to be expected. At the moment, however, it is almost impossible to predict what turn the Austrian foreign policy will take. Currently, it is also highly unlikely that Austria should fear any diplomatic sanctions from the EU, as in February 2000 after Mr. Haider's headway. In this respect, foreign policy towards the Czech Republic should also not be so aggressive, considering real power of the populists. At the same time, it is expected that Werner Neubauer's (FPÖ) legal action against ČEZ will be swept under the carpet, the election campaign being over. All the same, opening the Austrian labour market for Czechs will not be on the agenda any time soon.

Belarusian Election: Unfulfilled Expectations

Jana Drlíková, Jan Husák

The voter turnout in Belorussian parliamentary election (28th September) from which the West expected changes, was 75.3 %. Changes seemed possible not just because of the development of Russian-Belorussian relations, but also because of some pre-election steps. 263 candidates, of which 70 members of the opposition, competed for 110 seats in the parliament. Foreign observers were enabled to supervise the course of the election. In spite of these positive signals, expectations were not fulfilled - all seats in the parliament are in Lukashenka's hands.

Before the election, West has voiced the possibility of lifting sanctions and opening European market to Belarus provided that at least some opposition parties make it to the parliament. However A. Lukashenka was sure that the West will recognize the election. That was partially confirmed after the announcement of results and the release of an OSCE report in the very reserved evaluation of the European Commission.

The Council as well as the Commissioner for external relations B. Ferrero-Waldner has agreed that the election had both positive and negative aspects. In the OSCE final report, scrutiny is assessed negatively while the observers were not let in to 35% of the scrutinized votes and of those they were let in to, 48% were recognized as very bad. However no statement clearly declares whether in the end the sanctions will really be lifted.

The Czech Ministry of Foreign Affairs expressed its opinion of the election in a more reserved way than e.g. its Slovakian counterpart, when it declared that in spite of minor improvements the election did not fully comply with European standards. It has also highlighted the interest in mutual cooperation and voiced its support of the Visegrád Four's effort to reduce the price of Schengen visas for Belorussian citizens.

Will the Financial Crisis Help a Faster Adoption of the Small Business Act?

Václav Bacovský

The world financial crisis and the interest of the French presidency will probably contribute to the adoption of a package of measures by the Council in December. The measures should improve conditions of small and medium businesses (SMEs), which form the backbone of the European economy, but at the same time are the first ones to feel the impact of instable financial markets. At the meeting of the Competitiveness Council in September, Günter Verheugen emphasized that not only long-term arrangements, but also quick help to SMEs needed to be considered.

The package is inspired by an American act of the same name – and it also has similar ambitions. When the roots of lower competitiveness were analysed at the outset of the Lisbon Strategy, the share of SMEs in the EU and in the US was a key factor. It was the endeavour to facilitate and improve business climate (access to capital, availability of new technologies, enforceability of law – especially of timely payments, increase of share on public commissions) and to reduce administrative burdens (by 25 % by 2012) that led the European Commission to the introduction of a strategy under the motto “Think Small First” in 2007. An open consultation ensued in the first half of this year, leading to a legislative package called “Small Business Act” in June. However, the package will not be legally binding; solutions will be sought primarily on the regional and national level, in compliance with the subsidiarity principle. The implementation in member states falters, though, which wrecks the whole Lisbon Strategy.

Eight years have passed since the identification of problems and EU is still waiting for the adoption of concrete measures for SMEs. That is despite the fact that the matter is absolutely conflictless (if we do not count the proposal for corporate tax reduction) and it does not give rise to any reservations from individual member states. The adoption of the Small Business Act might thus be postponed to the period of the Czech EU presidency, which would doubtlessly be attractive for media. Yet, France will probably pull it off by the end of this year. Despite that, our presidency

should be further engaged in this sphere, because experts warn that this package is just the first step, not a definitive solution.

Legislature in Preparation: CO₂ Emission Limits for Cars

Ondřej Pícka

In December the European Commission has presented a draft of a directive which sets the limit of average CO₂ emissions for individual manufacturers of cars. Currently the draft is being discussed in the European Parliament. It got significant support last week. While on 1st September the Committee for Industry proposed significant changes meaning e.g. liberalization of legislature in the first few years of its vigour or lowering the fines. Surprisingly, in the course of the legislature process the more important Environment Committee backed the Commission in the key points at the last moment on 25th September. The general assembly will pronounce the decision this or next month.

The stance of the Council will also be vital. From the beginning a conflict between countries that manufacture bigger and therefore more emitting cars – lead by Germany – who push for liberalization of the proposal, and those countries that are home to car manufacturers who focus on smaller cars like France or Italy, was apparent. On the intergovernmental level, efforts to liberalize the legislature begin to prevail. France finds itself in the position of the president and its struggle for a compromise is apparent – it especially backs the idea of liberalizing the legislature in the first few years.

The Czech Republic belongs to the German camp. In the past few years, automobile industry has become vital for its economy, apart from manufacturers it is a site of many suppliers of both Czech and foreign car manufacturers. It is likely that the legislature process will not be finished during the French presidency and that the CR will moderate the key discussions in the next half year.

Comments on Recent News

Operational Programme “Research and Development for Innovations” signed

On 1st October in Brussels, Minister Ondřej Liska signed the documents necessary for the Operational Programme “Research and Development for Innovations”, thanks to which the research institutions, scientists and universities can gain 2,4 billion euro by 2013. The Ministry of Education will thus have to face probably the biggest challenge since its establishment – manage to skillfully use up all the money. [More](#)

End of EU Military Mission in Bosna

The EU Defence Ministers decided on their meeting in Deauville that the Bosnian military mission “Althea”, which started in 2004, should be transformed into a civil mission. EU spends annually 71,7 million euro to stabilise the region. Czech soldiers have been participating in the mission since July 2008. [More](#)

EU Hopes for an End of the Greek-Macedonian Name Dispute

A 17-year-old dispute over the official name of Macedonia should come to an end if Macedonia wants to join EU and NATO, EU Enlargement Commissioner Olli Rehn says. Greece refuses to acknowledge the name because of potential territorial claims in its northern region that has the same name. The row has been the main obstacle in Macedonia’s accession talks since 2005 although pressure for its settlement has been growing. Not even the term “Former Yugoslav Republic of Macedonia” seems to be a suitable compromise. [More](#)

Ukraine Has Agreed on Oil Supplies with Russia at Last

In the end, Ukraine and Russia finally came to an agreement for another 3 years when Ukraine should pay \$250-300 for 1,000 cubic meters of oil. It is still almost half the price other European

countries have to pay to Gazprom (about \$500 for 1,000 cubic meters). The negotiations have been taking so long due to the Ukrainian pro-western politics and its position on the recent development in the Caucasus. [More](#)

Interesting Publications

Centre for European Policy Studies

The book "[The Perfect Storm: The Political Economy of the Fischler Reforms of the Common Agricultural Policy](#)", published at the end of September, describes Franz Fischler's attempts to reform the EU Common Agriculture Policy during his tenure as European Commissioner.

CEVRO

A new publication of authors from the International Institute of Political Science in Brno is called "[Energy Security in Europe and the Interests of the Czech Republic](#)". It examines the current energy situation in EU and in the Czech Republic in the first place, in parallel with the tense relations with Russia.

Centre for European Reform

In the new publication "[Pipelines, politics and power](#)" dozen experts analyse the relation between EU and Russia, as its most important energy supplier. They address such questions as: Does the Kremlin use energy as a political weapon? Can and should the EU try to reduce its dependence on Russian hydrocarbons? What does energy solidarity mean? Are the EU and Russia engaged in a pipeline war?

Invitations

Conference: South-eastern Europe, Islam and the EU

When: 6th October 2008, 10 am to 3 pm

Where: Liechtenstein Palace, U Sovových mlýnů 4, Praha 1

Organiser: Civic Institute

Guests: Gyorgy Lederer – a Canadian–Hungarian arabist; Filip Tesař – Institute of International Relations Prague, František Šístek – History Institute of the Academy of Sciences of the Czech Republic

[More](#)

Lecture: Europe and Immigration

When: 16th October 2008, at 6 pm

Where: Charles University, Karolinum, Blue auditorium, Ovocný trh, Praha 1

Organiser: French Institute

Guests: Patrick Gaubert – MEP, chairman of the International League against racism and anti-semitism (LICRA) and sub-chairman of the Commission for human rights of the EP

[More](#)

Conference: From "Fort Europe" to "Europe without Barriers"? Priorities of the Czech Presidency in the Area of EU's External Relations from the Transatlantic Point of View

When: 20th October 2008, 9 am to 6:30 pm

Where: Institute for European politics Europium, Policy Association for an Open Society

Organiser: Masaryk University Brno

Guests: Richard W. Graber - US ambassador to the Czech Republic, Ilona Teleki - Center for Strategic and International Studies, Jelena Milic - Centre for Euro-Atlantic Studies, Peter Van Praagh - German Marshall Fund of the United States, Nicu Popescu - European Council on Foreign Relations

[More](#)

Upcoming Events

Meeting of the Council of Economics and Finance Ministers (ECOFIN)

On 7th October finance ministers of member countries will meet in Luxembourg with the representatives of the European Commission and European Central Bank. The main topics of their discussions include the crisis at the financial markets and its effects, the growing fuel prices or the slowing of European economy. The ministers should also discuss the amendment of a VAT directive, prepare a report about the functioning of crude oil market and meet with the finance ministers of Mediterranean countries. The conclusions of the meeting should be presented at the planned EU summit. [More](#)

European Council Summit

15th – 16th October officially the first session of the European Council during the French presidency will take place in Brussels. At the beginning of September an [extra summit](#) took place [in reaction](#) to the course of events in Caucasus. The main topics of the upcoming summit include the future of the Lisbon Treaty, discussion about amelioration of EU's financial stability or about energy safety in the EU. The Council should also formally confirm the adoption of [the European Pact on Immigration and Asylum](#), which is one of the priorities of the French presidency. [More](#)

European Commission Prosecution in Store for the Czech Republic

Because the Czech Republic is the only EU member country that has not approved the anti-discrimination bill yet, in no more than a month it will face a prosecution at the European Court of Justice and most likely also hefty sanctions. In May president Václav Klaus vetoed the bill and a repeated passage in the Chamber of Deputies was put off because of the regional and Senate elections. The favourable vote of a working majority of MPs is uncertain. Therefore it is plausible to assume that the bill will not enter in vigour any time soon. [More](#)

Presidency 2009

Mini-analysis: Czech Presidency and Youth – the Future of Europe?

Jan Husák

On 4th September an official [informational campaign](#) “We’ll give Europe a taste of its own medicine” for the Czech presidency began. Almost at the same time, the web page [Europe through the eyes of youth](#) has appeared on the internet. This information channel is aimed at supporting the campaign of the Czech presidency in the area of youth. Which will be the role of the Czech Republic in this area and how will it cope with it?

It is necessary to point out that youth policy is in the competence of member states and not primarily on the shoulders of the EU. However it is only natural that youth is more or less in the centre of interest of all political entities. The primary law of the EU anchors in [articles 149 and 150 of the Treaty](#) a number of practical ideas in education – recognition of qualifications, support of exchanges, integration in working process, development of abilities and knowledge of young people etc. However a practical agreement is reached through an open method of cooperation. Its results include e.g. [Erasmus, lifelong learning programme](#), [Youth in action](#) or the [White Paper on Youth \(2001\)](#), in which together with the consecutive [European Youth Pact](#) the pillar of the participative share of youth in politics is anchored in the form of a perpetual [structured dialogue of the youth](#).

A part of the answer to the question “How will the Czech Republic cope with these issues?” is the web page [Europe through the eyes of youth](#), which is also an output of the Czech youth policy. It informs about events that either were or will be directly financially supported by the [Campaign in](#)

honour and support of the Czech presidency among the youth and at the same time about the participation of youth in the decision processes that directly concern them. The young will have a great opportunity to do so especially at the Presidency youth event.

Other events of the Czech presidency include the Conference about youth, partnership of educational institutions and employers, strengthening of the European Research Area through research infrastructures or the meeting of chief executives of the Commission and an informal proceeding of ministers of education and ability to compete.

The Czech Republic will both seek a presidential compromise and fight for its priorities and "Europe without barriers". It will be very important especially in the area of youth, because the main scope of all activities will be the negotiation of evaluation of current policies and preparation of future changes especially for the period after 2010, when many programmes and conceptions terminate. The Czech presidency should also accept a new strategy of Education and professional preparation as well as give a new shape to the main targets of the international cooperation of universities (Bologna process). Moreover it wants to focus on the development of partnerships between schools and companies. In the same way the year 2009 is reformatory in the field of European Youth Pact and related policies. The priorities of youth itself and the representative organizations will primarily include the issues of volunteering and informal education. The role of the Czech Republic will therefore be largely mediatory and initiatory. How convenient is the motto of the aforementioned web page: "We are in this together".

Comments on Recent News: Czech Presidency Cooperates with a Renowned International Institution

Karel Ulík

On Tuesday 30 September, the Vice Prime Minister for European Affairs Alexandr Vondra signed an agreement on the membership of the Czech Republic in the economic think-tank Bruegel. The CR expects especially expert support during the upcoming presidency. Bruegel (Brussels European and Global Economic Laboratory) provides its members, 17 EU member states and 22 international companies, with counselling in political-economic matters, making analyses and giving assistance in preparation of expert conferences.

This Brussels-based think-tank, which criticised the EU states for insufficient funding of universities last year, was created in 2005 and is the only think-tank that is partially financed by EU member states. During the Czech presidency Bruegel could, for example, collaborate on the preparation of the conference "Five Years after the Major EU Enlargement", on the Prague meeting over the Lisbon strategy, or on preparing analyses in the area of labour market mobility.

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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