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Czech Presidency of the Council of the EU

A Herculean task or presidency as usual?

Presiding over the Council of the EU is a complex task that requires significant leadership and political skills. After another round of rotation, the turn has come for the Czech Republic to head the Council for a six-month period. This will be the second Czech presidency since this country acceded to the EU in 2004. This time, however, presiding over the EU will be much more challenging. Having in mind the war in Ukraine and its consequences in the form of constrained economic recovery previously caused by the pandemic, the refugee crisis and energy crisis can be expected to dominate the Presidency's agenda. The aim of this paper is to examine to what degree the Czech Programme will be occupied by the consequences of war development on the EU's eastern borders, and what kind of policy solutions and attempts to set them in motion will Czechia offer.

Judging by the Presidency [slogan](#), which is *Europe as a Task: Rethink, rebuild, repower*, it can be anticipated that rethinking European geopolitical position, rebuilding Ukraine after the bloody war, and repowering the European defence structures will be the focus of the Council's work in the upcoming six months and longer. While some Council presidencies aim to finalise long-running legislative priorities, Prague largely sees its job over the next six months as a crisis responder. Czechia will have its hands full forging common positions on financial and political support for Ukraine, and reducing the bloc's continued reliance on Russian energy. Having in mind the presidency programme and volatile geopolitical developments, this paper also aims to uncover whether the Council will have enough time and energy to dedicate to the enlargement policy and the Western Balkans region under the Czech baton.

The Fallout of the War in Ukraine

The Euromaidan in 2013/14 represented a turning point for Ukraine in terms of its European future and determination for European values of democracy, human rights and free trade. The will of the Ukrainian people to join the EU was punished by Russia in 2014 with the illegal annexation of Crimea. Considering that, since then, Ukraine kept on insisting on its sovereign right to decide about its future, by further integrating into the EU and NATO, Russia responded with another assault on the Ukrainian state and people. This time the EU did not close its eyes and provided unprecedented humanitarian and military [aid](#) to Ukraine in order to preserve its independence and territorial integrity. Moreover, the EU accepted a fast-track candidacy of Ukraine and Moldova (and gave a European perspective to Georgia) in what was more a symbolical step of solidarity but essentially transformed the Eastern Partnership into an enlargement policy. As granting candidacy is a turning point, the Czech presidency will be in charge of overseeing the beginning steps necessary for the accession process to arrive.

Undoubtedly, priority number one for the Czech Presidency will be to mitigate the consequences of the war in Ukraine. Four out of five key Czech [priorities](#) are directly or indirectly related to the fallout of the war in the EU neighbourhood. The first ramification of the military conflict was an unprecedented number of refugees taking [shelter](#) mainly in EU member states of Poland, Romania, and Slovakia, but also in Moldova, Russia, and the Balkans. According to the United Nations' [data](#), by the beginning of August 2022, more than 6.3 million people have left Ukraine due to the war. As the data shows, EU member states and EU-associated states are welcoming millions of refugees, in what is qualified as the [most massive refugee crisis](#) since WWII. This creates pressure on public finances, accommodation capacities, and the health system of the receiving countries. As individual countries are not able to cope with these additional pressures on their own, the Council will need to coordinate and secure wider EU support and solidarity. For that reason, prioritising the refugee crisis management will most certainly be the task of utmost importance for Czechs.

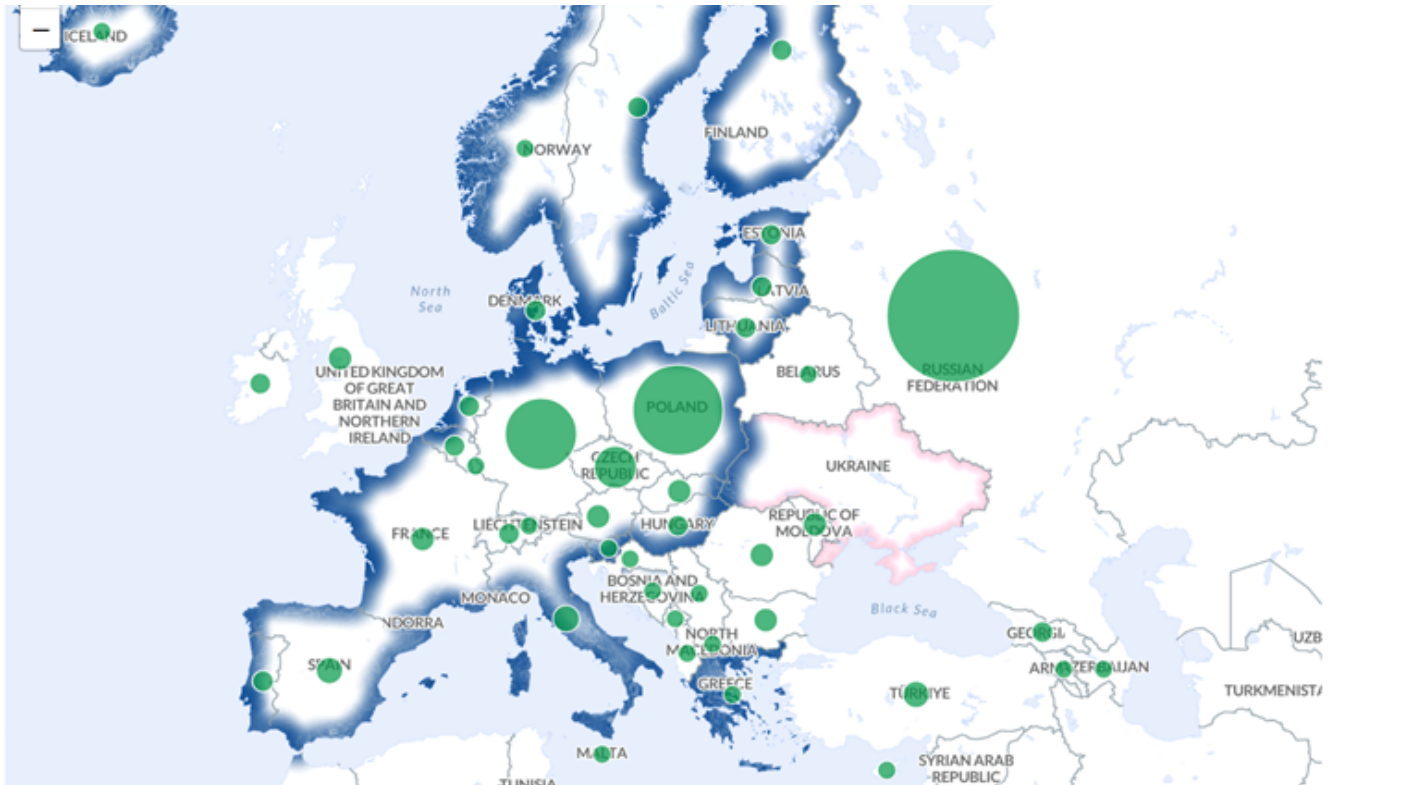


Figure 1 Number of Ukrainian refugees in Europe, Source: UNHCR - <https://data.unhcr.org/en/situations/ukraine>

As part of **priority** number one, efforts will be put into the post-war reconstruction of Ukraine, including infrastructure, basic services, and economic recovery. In fact, Russian aggression is causing \$4.5 bn of **building damage** in Ukraine each week. When infrastructural damage, whose total cost is still unknown, is added to the equation, it becomes apparent that Ukraine will need significant help to recover from this war. The EU, which has become Ukraine's most important international partner in the last decade and has shown solidarity with the Ukrainian people, is expected to continue with its assistance. In fact, after the European Council has **endorsed** Commission's introduction of exceptional macro-financial assistance package of up to €9 billion in June 2022, it will be up to the Council in the 2nd semester of 2022 to approve and oversee the application of individual tranches to Ukraine. In short, the destructiveness of Russian aggression showcases that the EU will have a major role in rebuilding Ukraine in the upcoming months with the Council coordinating these efforts.

"Peace camp" or "Justice camp" – Where does Czechia stand?

For reconstruction to be effective, the war in Ukraine needs to end. As the military operations entered the sixth month, the split within the EU on how the war should end looms on the horizon. According to the **research** published by the European Council on Foreign Relations, there is a visible dichotomy in opinions of member states in that regard. On the hand, there is a "peace camp" whose supporters argue that peace is needed now, even at the cost of Ukrainian concessions to Russia. On the other side, there is a "justice camp" believing that only Russia's clear defeat can bring peace. Some of the most influential EU member states such as **Germany, France, and Italy**, can be placed in the peace camp. Conversely, Poland, alongside the Baltic states, is the most prominent representative of the justice camp, advocating for cutting all economic, cultural, and diplomatic ties with Russia. As the differences regarding the method for ending the war may grow larger as time goes by and as the war increasingly affects overall costs of living and energy prices, the Presidency's role as an honest broker will become more important than in average circumstances.

At first sight, Czechia can be positioned in the "justice camp" with Poland, placing preservation of Ukrainian independence, territorial integrity, and membership in the EU higher on the agenda of priorities than ending the war at a higher cost for Ukraine. This is explained by the fact Czechia had experience with the Soviet occupation, and particularly with the 1968 Soviet military intervention during the **Prague Spring**, which is still fresh

in the collective memory of Czechs. So far, Czechia has individually sent military help to Ukraine worth more than \$150 mn and it is point-blank to continue armament of Ukraine. In that context, besides **insisting** that Putin must not win this war and that Czechia would support Ukraine on its path towards EU membership during its term in the Council, its representatives also argue the EU must be ready for **a long conflict**. Such positioning clearly showcases the readiness of the Czech Republic for a prolonged conflict in order to achieve justice for Ukraine.

Although Czechia has been strong on words with regards to the Ukrainian cause, its scope of action is narrowed by the fact it remains strongly dependent on oil and gas imports from Russia. In fact, during negotiations on sanctioning packages against Russia, Czechia had to advocate for some **exceptions** in its case. Consequently, in contrast to the fact that the EU agreed to ban seaborne oil, Czechia, together with other landlocked Central and East European countries, will continue to receive oil delivered by pipeline (until the Council decides otherwise). This showcases that energy stability in the country is prioritised over attempts to weaken Russia's position. Therefore, in the case of severe shortages of oil and other fuels imported from Russia in the near future, it is quite possible that Czechia might opt in practice for the "peace camp" in exchange for stable deliveries of energy sources.

Finding the right balance in the 2nd half of 2022 between the Peace and Justice camps is made more difficult by the fact that these divisions are not only visible between the countries, but within them as well. Polls show that just one month after the start of the war, an **overwhelming majority** of Czechs thought that their country has already sufficiently supported Ukraine. When likely prioritisation of the country's energy stability over prolonged conflict is added to the calculation, it becomes apparent that unity on this question is shaken within Czechia also. Similar trends are visible in other EU member states as well with the war going and its consequences accumulating. Considering division across the European continent, Czechia will not only have to cope with two camps internally, but it will need to balance it within the EU as a presiding member state. Nevertheless, as Czechia has demonstrated traits characteristic both for peace camp and justice camp, it has a good basis to act as an honest broker in terms of taking care of this Herculean task during its Presidency.

Cold winter on the horizon

The element standing in the way of EU fully turning its back against Russia is energy overreliance. Despite this, and probably against Russia's expectations, the EU has shown strong capacity to target different energy products and phase them out. In fact, since the begging of Russian aggression on Ukraine, the EU has adopted **seven packages** of sanctions towards Russia. These are 'semi-revolutionary' as they include

prohibition on energy imports from Russia such as coal, oil (with limited exceptions), iron, steel, wood pellet, and gold, as well as goods and technologies in the oil refining sector, and prohibition on new investments in the Russian energy sector. Together exclusion of Russian banks from the SWIFT regime, the aim of these measures is to deter Russia from further hostile actions against Ukraine by hitting Russia's budget where it hurts the most.

Yet, what stops EU's measures from becoming truly 'revolutionary' is the fact there is no consensus on how to deal with gas imports. Any Council Presidency would have difficulties with this matter, considering that out of all energy imports, gas comes to the forefront, with EU member states **importing** two-fifths of their gas supplies from Russia. Since Russia is the leading supplier of natural gas to the EU, it has the leverage that it already used by skyrocketing the prices and requesting states to make payments via the Gazprom Bank in **roubles**. What is more, during the summer, Russia has temporarily **cut** gas flows via the Nord Stream 1, thus sending the strong message that it can completely shut down the gas flows in the winter, when it is needed the most. Compromise that EU made on oil imports for the three **CEE countries** is a good illustration how difficult it can become in the future for EU to sanction Russia and retain unity.

Moreover, what will make Czechia's job more difficult is how to strike the right balance between reducing reliance on Russian gas while decarbonising the EU, particularly as the former has traditionally been seen as a necessary interim measure for greening Europe. In fact, as a consequence of energy unreliability from Russia, **coal** is now being put back on track in different parts of Europe, which directly goes against the original **expectation** that $\frac{2}{3}$ of the coal power plants operating in Europe were to close between 2020 and 2030. Surveyed **sustainability experts** are losing confidence in the ability of the EU institutions to implement the Green Deal by 2024 and reduce emissions by at least 55% by 2030. Having in mind that the entire EU is faced with unprecedented energy difficulties, while considering that Czechia has traditionally not been amongst the more **climate-ambitious** countries in the EU, it can be expected that energy security will be prioritised over decarbonisation and green transition.

To conclude, one can argue with certainty that a cold winter is ahead of Europe. However, the question that remains is how cold it needs to be. It depends on several factors. First, if the war in Ukraine does not end soon, this is likely going to entail introduction of additional packages of sanctions towards Russia; in turn, placing additional strains on trade of energy goods with Russia is going to continue affecting the EU as well and thus test the limits of its energy sustainability.

Second, in the case that Russia decides to retaliate and completely stop its gas and oil deliveries¹, the most vulnerable countries in Central and Eastern Europe could face outright gas shortages and see GDP losses of as much as 6 percent. As Russia already has cut back substantially on gas flowing to Germany and through Ukraine, more and more experts warn that **shutting down** the pipelines is not inconceivable. Therefore, the success of the Czech Presidency will, among other things, be defined based on how well and efficient it manages to ensure that robust and never-before-seen contingency measures are adopted, in cooperation with the European Commission and European Parliament.

Expanding the enlargement policy

For the past two decades, the enlargement policy of the EU was directly linked with the Western Balkan region, alongside Turkey. Yet, the Czech Presidency will be the first one to witness and preside over an expansion of the enlargement policy, in terms of new official candidate countries – Ukraine and Moldova – and potential candidate – Georgia (as **agreed** by the European Council in June 2022). While Ukraine has been, quite understandably, “stealing” the EU’s focus and capacities away from the Western Balkans due to the war, Czechia’s job was nevertheless made easier by the French presidency that preceded it as its proposal ended the accession deadlock for Albania and North Macedonia.² Despite the fact Czechia is taking over the Western Balkan portfolio in less difficult regional circumstances, it nevertheless will have quite an important task to ensure closer foreign policy alignment of the region with the EU’s position vis-à-vis Russia, and effectively follow-up on the European Council’s call to “further advance the gradual integration between the EU and the region already during the enlargement process itself in a reversible and merit-based manner”.

1 Sixth package of sanctions included a gradual phase-out of crude oil imports from Russia over the period of 6 months. A temporary exception is foreseen for imports of crude oil by pipeline into those EU member states that, due to their geographic situation, suffer from a specific dependence on Russian supplies and have no viable alternative options.

2 Although, in the case of North Macedonia the situation is a bit more complex as in order to finish opening of negotiations it needs to amend the constitution.

With regards the issue of foreign policy alignment, Czechia is expected to continue to strongly insist on having the Western Balkans fully on board. On the one hand, this particularly applies to Serbia, as a country which has traditionally had low alignment rate since 2014 and has adamantly refused to join any of the sanctioning packages against Russia in 2022. Yet, as Serbia is expected to form a new Government during Czechia’s Presidency, including a new composition of the National Assembly that will include opposition parties, room for EU’s tolerance for continuous non-action will significantly shrink. On the other hand, Czechia, and Council in general, will continue to closely monitor the implementation rate in the countries that had already committed to the sanctioning packages. This becomes warranted considering that practical experience of **Bosnia and Herzegovina**, and **Montenegro**, in the first half of 2022, has shown that there can exist a gap between what is said and effectively done on the ground. Considering that Europe is facing geopolitical tectonic shifts, it is unlikely that the EU will connive at any attempt to circumvent alignment or take half measures in the following period.

Meanwhile, the Council will have a highly important task to follow up, alongside the Commission and the High Representative, on the European Council’s June 2022 **call** to further advance *gradual integration* between the EU and the region already during the enlargement process. As **evidenced** by the ambassadors of the outgoing and incoming presidencies to Serbia, the call clearly builds upon the **Template** for the staged accession of the Western Balkans to the EU, developed by the European Policy Centre (CEP) and Centre for European Policy Studies (CEPS). Considering that Czechia has had active dialogue with think tanks on this matter in the period preceding its presidency, it can be expected that Council Presidency will aim to make the best out of the proposal. Yet, as giving life to the proposal requires having all member states on board, Czechia’s role will be important in terms of facilitating further collaboration between the EU and think tanks in order to specify how gradual integration should be operationalised in practice in an orderly manner.

About European Policy Centre - CEP

European Policy Centre - CEP - is a nongovernmental, non-profit, independent think-tank, based in Belgrade. It was founded by a group of professionals in the areas of EU law, EU affairs, economics and public administration reform, with a shared vision of changing the policy making environment in Serbia for the better – by rendering it more evidence based, more open and inclusive and more substantially EU accession driven. Profound understanding of EU policies and the accession process, the workings of the Serbian administration, as well as strong social capital combine to create a think-tank capable of not only producing high quality research products but also penetrating the decision making arena to create tangible impact. Today, CEP organises its work into four programme areas:

- 1) Good Governance
- 2) Internal Market and Competitiveness
- 3) Regional Policy, Networks and Energy
- 4) Our Europe