

The Czech Republic and the European Union

Dan Marek and Michael Baun



Europe and the Nation State

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This book examines the relationship between the Czech Republic and the European Union (EU). The authors examine the Czech Republic's road to EU membership in 2004 and assess how EU accession has affected or changed the Czech Republic, including its domestic politics, governing institutions and public policies. It also examines how the Czech Republic has behaved as an EU member state, addressing the questions:

- What are the Czech Republic's interests in the EU and how has it sought to influence EU policymaking?
- How have Czech interests and behaviour been shaped by the country's position as: a new member state; a small member state; a relatively poor member state; and a post-communist member state?

The book also addresses the Czech Republic's preparations for assuming the EU presidency in January 2009, and evaluates the actual conduct of the presidency. Although a case study of a single member state, this book sheds light on a number of broader points or issues pertaining to the EU and its member states. It contributes to academic debate and knowledge about the EU and European integration, including the debates on Europeanization and the role of small states in the EU.

This book will be of interest to students and scholars of the European Union, European politics and Post-Communist politics.

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For Adam, Jakub, Tereza, and Matthew

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Preface

The year 2009 marked the anniversary of several momentous events in European history. Twenty years before, in chain-reaction (or dominoes-falling) fashion, the countries of Central and Eastern Europe threw off their communist yokes and began the process of (re)integrating into Europe's democratic and capitalist mainstream. Five years ago, in May 2004, this goal was substantially achieved for eight former communist states when they formally acceded to the European Union. Thus, in the midst of various activities celebrating these historic events, it seemed a particularly appropriate time to be writing a book about the EU-integration of one of these Central and Eastern European countries, the Czech Republic.

In deciding to write this book the authors, one Czech and the other American, were motivated by common interests in both the Czech Republic and the process of European integration. For Dan Marek in particular, the experience of 1989 and the process of Czech democratic transition and European integration is a deeply personal one that has been at the center of his academic and professional life. In writing this book, the authors have also built upon a decade-long partnership of research and publication on both Czech domestic politics and the European Union. Through this book, we hope to contribute to a better knowledge and understanding of both.

June 2010

Series editor's preface

A fresh and highly comprehensive book examining the complex relationship between the Czech Republic and the evolving European Union (EU) is, at least in my view, of notable significance to current and future studies of 'Europe and the Nation State'.

In many ways, the Czech Republic seems to be at the nexus and critical interface of most discourses relating to national adaptation to European integration. Ever since the fall of the Berlin Wall and the tumultuous changes that engulfed Central and Eastern Europe shortly afterwards, this country has been an ever present and highly visible subject of discussion of the challenges confronting nation states from Central Europe in adapting to the challenges of European integration. Of course, during the 1990s and up to 2004, the debates on, and involving the Czech Republic, largely focused on the country as perhaps 'the' Central European 'front-runner' for securing full membership status of the European Union. In many instances the Czech Republic was cited as perhaps the best candidate, from, albeit to a limited extent, political, cultural and economic perspectives, for full membership of status. Once accession was achieved in 2004, as one of the leading lights in the first wave of Eastern European enlargement of the EU, the Czech Republic, has often been seen, by most outside observers, as one of the small group of 'new' accession countries that could adapt to the requirements of full membership status most easily.

And yet, alongside this ongoing narrative of the Czech Republic as 'a leading Central European' runs another side of Czech experiences of being an EU member. In spite of its general reputation of having some of the most appropriate credentials among the Central European states, for being a 'good European' and an appropriate EU member, the Czech Republic's experiences of national adaptation to the demands of being a full EU member has not been without its difficulties, with controversy surrounding the profile of the EU in Czech domestic political debates in particular. Over the last few years, for example, the Czech Republic has not gone on to join the euro, and continues to maintain its own currency in 2010, was highly criticised by other EU Member States for dragging its heels in ratifying the Lisbon Treaty, and has suffered numerous domestic difficulties, including the fall of the incumbent government, when holding the EU Council Presidency in early 2009. The Czech Republic's relationship with the European Union should therefore be of interest to parties evaluating and reflecting upon the complexities of the

relationship between nation states and the European Union regardless of whether they are experts in Czech politics.

It is therefore with great pleasure that Michael Burgess and I welcome the publication of this fresh, and highly thoughtful volume as part of the 'Europe and the Nation State' series published by Routledge.

Lee Miles
Series Editor – Europe and the Nation State
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List of Abbreviations

AK ČR	Asociace krajů České republiky (Association of the Regions in the Czech Republic)
CAP	Common Agricultural Policy
CEE	Central and Eastern European
CEEC	Central and Eastern European country
CEFTA	Central European Free Trade Association
CFSP	Common Foreign and Security Policy
ČNB	Česká národní banka (Czech National Bank)
COREPER	Committee of Permanent Representatives
ČR	Česká republika (Czech Republic)
CRR	Centrum pro regionální rozvoj (Center for Regional Development)
CSFR	Czech and Slovak Federal Republic
ČSSD	Česká strana sociálně demokratická (Czech Social Democratic Party)
ČSÚ	Český statistický úřad (Czech Statistical Office)
ČTK	Česká tisková kancelář (Czech Press Agency)
CZ PRES	Czech Presidency of the European Union
CZK	Czech koruna (crown)
CZSO	Czech Statistical Office
DG	Directorate-General
DPM	Deputy Prime Minister (for European Affairs)
EAC	European Affairs Committee
EAFRD	European Agricultural Fund for Rural Development
EAGGF	European Agricultural Guidance and Guarantee Fund
EBRD	European Bank for Reconstruction and Development
EC	European Community
ECJ	European Court of Justice
ECU	European Currency Unit
EEA	European Economic Area
EFF	European Fisheries Fund
EFTA	European Free Trade Association
EIB	European Investment Bank

EMU	Economic and Monetary Union
ENP	European Neighborhood Policy
EP	European Parliament
EPI	Eastern Partnership Initiative
EPP	European Peoples' Party
EPP-ED	European People's Party and European Democrats
ERM	Exchange Rate Mechanism
ESDP	European Security and Defense Policy
EU	European Union
EUGA	EU General Affairs Department
EUPO I	EU Policies Department I
EUPO II	EU Policies Department II
Eurostat	EU Statistics Office
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GMOs	Genetically modified organisms
HRDP	Horizontal Rural Development Plan
ICT	Information and Communications Technology
IGC	Intergovernmental Conference
IMF	International Monetary Fund
IMPEL	Implementation and Enforcement of Environmental Law
IND/DEM	Independence Democracy Group in the European Parliament
IOP	Integrated Operational Program
ISPA	Instrument for Structural Policies for Pre-Accession
JHA	Justice and Home Affairs
JROP	Joint Regional Operational Program
KDU-ČSL	Křesťanská a demokratická unie-Československá strana lidová (Christian Democratic Union-Czechoslovak People's Party)
KSČM	Komunistická strana Čech a Moravy (Communist Party of Bohemia and Moravia)
LFA	Least Favored Area
MCG	Ministerial Coordination Group
MEP	Member of the European Parliament
MF	Ministerstvo financí (Ministry of Finance)
MFA	Ministry of Foreign Affairs
MMR	Ministerstvo pro místní rozvoj (Ministry for Regional Development)
MP	Member of Parliament
MRD	Ministry for Regional Development
MZE	Ministerstvo zemědělství (Ministry of Agriculture)
MŽP	Ministerstvo životního prostředí (Ministry of the Environment)
MZV	Ministerstvo zahraničních věcí (Ministry of Foreign Affairs)
NATO	North Atlantic Treaty Organization
NCG	National Coordination Group
NDP	National Development Plan

NGO	Nongovernmental Organization
NRP	National Reform Program
NSRF	National Strategic Reference Framework
NUTS	Nomenclature des Unités Territoriales Statistiques (Nomenclature of Statistical Territorial Units)
ODA	Občanská demokratická aliance (Civic Democratic Alliance)
ODS	Občanská demokratická strana (Civic Democratic Party)
OECD	Organization for Economic Cooperation and Development
OP	Operational Program
OSCE	Organization for Security and Cooperation in Europe
PEL-GUE/NGL	Confederal Group of the European United Left-Nordic Green Left
PES	Party of European Socialists
PHARE	Poland and Hungary: Aid for Restructuring Economies
PR	Proportional Representation
PRES	EU Presidency Preparations Secretariat
QMV	Qualified Majority Voting
R&D	Research and Development
RDMA	Rural Development and Multifunctional Agriculture
RDP	Rural Development Program
ROP	Regional Operational Program
SAIF	State Agriculture Intervention Fund
SAPARD	Special Accession Program for Agriculture and Rural Development
SAPS	Single Area Payment Scheme
SME	Small and Medium-sized Enterprise
SNK-ED	Sdružení nezávislých kandidátů-Evropští Demokráté, SNK-ED (Union of Independents-European Democrats)
SOP	Sectoral Operational Program
SPS	Single Payment Scheme
SZ	Strana zelených (Green Party)
TCE	Treaty establishing a Constitution for Europe
TOP 09	Tradice, Odpovědnost, Prosperita (Tradition, Responsibility, Prosperity) 09
UK	United Kingdom
US	United States
US-DEU	Unie Svobody-Demokratická unie (Freedom Union-Democratic Union)
ÚV	Úřad vlády (Office of the Government)
V4	Visegrad Group
VAT	Value Added Tax
VV	Věci veřejné (Public Affairs)
WTO	World Trade Organization

Introduction

On 1 May 2004, the Czech Republic formally joined the European Union (EU),¹ together with seven other former communist countries from Central and Eastern Europe² and the Mediterranean island states of Malta and Cyprus. For the Czech Republic and the other Central and Eastern European countries (CEECs), EU membership marked the end of an almost 15-year effort to “return to Europe,” after more than four decades of communist rule and Soviet domination. In the process, the Czech state and society were significantly transformed by integration into the European (and broader global) economy and the institutional and policy changes required to join the EU and other Western institutions. However, in many ways EU accession marked not the end but a beginning, for as a member state the Czech Republic continues to be shaped by the EU, while along with other member states it seeks to influence EU policymaking and the Union’s future development.

This book examines the relationship between the Czech Republic and the EU. Specifically, it attempts to answer two main questions: First, how has EU accession and membership affected the Czech Republic – What has been the EU’s impact on Czech governing institutions, public policies, and politics? And second, how has the Czech Republic behaved as a new member state – How has it sought to influence EU decision making and policies, and how successful has it been?

Europeanization: assessing the EU’s impact

The first of these two questions deals with a topic that has been extensively addressed in the EU studies literature under the concept of “Europeanization.” While this term has many definitions and meanings, it most commonly refers to the impact of the EU on the politics, governing institutions and processes (“polities”), and policies of the member states.³ Among the key findings of this literature is that the EU’s impact on domestic politics, institutions, and policies is highly varied, with considerable differentiation not only between these general areas, but also within them between specific institutions, policies, and aspects of politics. Moreover, there is considerable variation between member states, or what Risse *et al.* (2001: 1) refer to as “domestic adaptation [to EU rules and requirements] with national colors.”

This pattern of differential adaptation is partly explained by the different “goodness of fit” between national policies, institutions, and processes and EU require-

2 Introduction

ments: the better the goodness of fit, the weaker the pressure on member states to change or adapt the way they do things, while a high degree of “misfit” generates considerable pressure on countries to change their policies or adapt national institutions and processes to EU rules and requirements (Börzel 2005; Risse *et al.* 2001). Also important, however, are “domestic mediating factors” – national institutions, actors, and processes that have a “profound, if not determining” effect on how EU integration impacts domestic change (Goetz and Hix 2000: 20). Potentially important domestic mediating factors include existing governmental institutions and structures, administrative traditions and policymaking styles, the presence and strength of veto players, issue-based interest configurations, political-cultural values and attitudes, and electoral politics.

A second key finding is that Europeanization is not just a one-way or “top-down process.” Rather, it has a “bottom-up” dimension as well, with member states seeking to “upload” their preferences to the EU level and attempting to influence EU governance and policymaking in ways that accord with these. By doing so, they can create competitive advantages for themselves, or they can attempt to reduce the extent of misfit between EU requirements and national institutions and policies, and hence the amount of change they have to make. Thus, Europeanization is a two-way street – or as Goetz (2002: 4) puts it, “a circular rather than unidirectional and cyclical rather than one-off” process involving the EU and its member states.

Even accounting for national variability and differentiation, a review of the Europeanization literature yields several general trends or patterns when it comes to the EU’s impact on domestic change. In the area of state institutions, EU membership appears to strengthen national executives (especially the “core executives” that deal most directly with the EU) in their relationship with parliaments; this is because the shift of policymaking to the EU level allows national executives to engage in “two-level games” that reinforce their autonomy from national legislative bodies, while national parliaments are also increasingly circumscribed by EU legislation (Laffan 2007; Holzhaecker 2007). EU membership also appears to have bolstered the relative position of national courts in domestic political systems, by integrating them into a supranational legal and judicial system and allowing them to ask the European Court of Justice (ECJ) for its binding opinion on the application of EU law in specific cases (Nyikos 2007). Studies have also shown how EU integration, in particular the governance rules of EU regional or cohesion policy, has promoted governmental decentralization (regionalization) and multi-level governance in some (but not all) member states (Bache 2007, 2008).

When it comes to policy, the impact of EU membership depends greatly on the type of EU policy concerned, whether it takes the form of a “regulation,” which is directly applicable in the member states and does not need to be transposed into national legislation, or a “directive,” which requires implementing legislation by member states before it can take effect. Especially in the latter case, patterns of national implementation are affected by domestic mediating factors. In most cases, “implementation is dependent upon the balance between a member state’s overall commitment to the issue at stake” – influenced by issue-specific configurations of domestic preferences and structures of interest representation, the existence and

strength of veto players, etc. – and “overall institutional capacity to fulfill its obligations,” which is affected by the fit or misfit of EU rules with national administrative traditions, institutional norms, and practices (Sverdrup 2007: 207; Börzel 2002; Knill 2001). In the area of politics, EU integration has affected party programs, led to the emergence of new (pro- and anti-EU) parties and partisan cleavages in some cases, resulted in the creation of European-level parties and transnational party links, and altered the nature of competition between parties (by limiting the policy space available to competing parties and the policy instruments and options available to governments). It has also changed the opportunity structure for organized interest groups and the balance of power between them (by providing new resources, arguments, and means of influence that favor some groups over others) and “devalued” conventional party and parliamentary politics (by favoring administrative processes and the growing weight of technocratic, non-democratic EU institutions) (Mair 2007; Eising 2007; Laffan 2007).

Although the study of Europeanization has focused mainly on Western member states, the Europeanization framework has also been extensively applied to the CEECs in the pre-accession period. Before they can join the EU, candidate states must fully adopt EU rules and legislation (the *acquis communautaire*), and demonstrate that they have the institutional and administrative capacity to implement them. For any country seeking to join the EU, therefore, preparing for membership involves some degree of domestic institutional and policy change. For the CEECs, however, these changes were especially profound for several reasons, including: the breadth of the EU agenda, which required the adoption of economic and political conditions that went far beyond the formal *acquis* and institutional reforms that were not demanded of other member states; the weakness and lack of credibility of political and governing institutions in the CEECs, which made them less capable of resisting EU adaptive pressures and also more willing to learn from foreign experiences; the existence of significant institutional and policy “voids” in many of these countries, meaning that Europeanization involved not so much adaptation but rather the creation of entirely new actors, institutions, and policies where they previously did not exist; and the speed of adjustment to EU rules in the CEECs, with most seeking to become EU members within a decade after formally applying for membership in the mid-1990s (Grabbe 2006, 2003: 306–8, 2001; Goetz 2007: 79, 2005: 261–62; Héritier 2005: 206).

EU influence was further enhanced by the highly asymmetrical nature of the accession process. Accession “negotiations” are really nothing of the kind. Instead, they are an opportunity for the candidate state to prove that it has adequately adopted EU rules and that it has the institutional and administrative capacity to implement them. The only real possibility for negotiations is over limited “transitional arrangements” that allow candidate states to delay or phase in the full application of EU rules in particular areas, with full compliance eventually expected. This asymmetrical process, therefore, confers on the EU the extremely powerful leverage of “membership conditionality,” which makes EU membership dependent upon the satisfactory adoption of the *acquis* and other EU requirements.