

Energy policy for the Czech Republic is the search for balance between “the demands of environment and the preservation of competitiveness and energy security in Europe.”³ In light of the recent Russia-Ukraine natural gas dispute, which left parts of Europe without natural gas this winter, the debate on the diversification of energy sources and the establishment of new networks has become even more pivotal. It is crucial for the EU to develop a common energy policy and to act as a single entity when participating in energy negotiations. The security of the Union is dependent on secure and consistent energy supplies, the insurance of which will be a priority for the Czech Republic during its tenure as the Presidency of the European Council.

The Czech Republic considers the EU’s external relations to be of fundamental importance. Euro-Atlantic relations, most notably security and economic cooperation, are priorities for the Czech Presidency. Another vital element of external relations the Czech Republic intends to focus on over the coming months is the “openness and further enlargement of the EU.”⁴ The further integration of the Western Balkans, along with the Eastern Partnership, is vital for the continued peace and prosperity of Europe.

The issues currently facing the European Union are complex, requiring long-term solutions that cannot be completed within six months. To this end, the Czech Republic has the honor of joining the recent French and future Swedish Presidencies in working towards the goals outlined in the joint 18-month programme. The Czech Republic is honored to preside over the Council of the European Union, promoting both Czech and European priorities, through moderating debate on current issues and continuing to implement EU policies.

II. Enlargement

As both the 20th anniversary of the fall of the Iron Curtain and the 5th anniversary of the largest EU enlargement to date, the Czech Republic will focus on the continuation of European integration, especially with regards to further EU enlargement. Croatia, the Former Yugoslav Republic of Macedonia and Serbia are of particular interest to the Czech Republic, and the establishment of clear EU policies regarding their possible future membership in the European Union are priorities of the Czech Presidency. The fundamental objective for the European Union in the Western Balkan region is to create a situation where military conflict is unthinkable, expanding to the region the area of peace, stability, prosperity and freedom established over the last 50 years by gradual European integration.

A. Croatia

Background

Formerly a part of federal Yugoslavia, Croatia declared its independence in June 1991, leading to conflict with the remainder of Yugoslavia, as well as members of the ethnic Serbian community within Croatia. Shortly after, diplomatic relations were established between the newly independent Croatia and the European Union. In October of 2001, a Stabilisation and Association Agreement (SAA) was signed and by the end of the year, the Commission had adopted a country strategy for Croatia, which allowed the CARDS programme to provide for assistance to Croatia in meeting the requirements outlined in the SAA. In 2003 Croatia submitted an application for EU Membership. Though membership negotiations were initially postponed due to conditions not being met, they

³ “Message from Mirek Topolánek, Prime Minister of the Czech Republic” Czech Presidency Website; <http://www.eu2009.cz/en/czech-presidency/czech-presidency-4014/>.

⁴ “Message from Mirek Topolánek, Prime Minister of the Czech Republic.” Czech Presidency Website.

were formally opened in October of 2005. Since then, twenty-two of the thirty-five negotiating chapters of the *acquis communautaire* have been opened, and of those, seven have been provisionally closed.

Issues

There are several issues the Czech Republic would like to focus on with regards to Croatia's future accession to the European Union. The primary of these is the establishment of a timeline for the opening of the final negotiating chapters and for the process of Croatia's accession to the European Union. An agreed upon timeline will streamline the negotiation of the remaining *acquis* chapters and allow for the smoothest transition. The EU has the responsibility of outlining particular areas of concern for Croatia's accession to the European Union, as well as offering potential solutions and assistance.

With regards to areas in need of improvement, the Czech Republic is particularly concerned with the area of judiciary and public administration. Despite improvement, there is still inconsistent implementation of civil service law. There needs to be a streamlining of administrative procedures and a reduction in staff turn-over in civil service jobs to achieve the necessary efficiency and accountability, as outlined in Croatia's Stabilization and Association Agreement and as required to close related chapters in the *acquis communautaire*. The judiciary and court system in particular need rationalization, as this would allow more cases to be heard relating to corruption and war crimes, in addition to the day to day functioning of the courts. The pursuit of war crime trials, including access for the International Criminal Tribunal for the former Yugoslavia (ICTY) to documents will need to continue throughout the process of Croatia's accession and continue once it has become a member state. Both the efficiency in prosecuting those accused of war crimes and the number of cases heard need to be addressed.

The promotion of minority rights is another area of concern. There is an under representation of minorities among most areas of government and administration, specifically from the Serb and Roma populations. "Legal provisions and programmes need to be implemented with more determination, and adequate monitoring needs to be ensured, especially in the area of employment."⁵ The promotion of conditions to accelerate refugee return to Croatia is another aspect of minority rights that Croatia will need to contend with, in cooperation with the EU member states and the international community, before their accession to the European Union.

Objectives

The Czech Presidency believes that the accession of Croatia to the European Union is of the utmost importance to European integration and the prosperity of the Union. It is the Czech Republic's intention to see the negotiations regarding Croatia's membership finished during either its Presidency, or during the following Swedish Presidency; with full membership to follow shortly after. To this end the Czech Republic seeks to establish an agreed upon timeline for the completion of these negotiations.

Before membership can become a reality for Croatia, there are several issues that need to be addressed, including judiciary and public administration, war crimes and corruption trials, and the promotion of minority rights. To this end, it is the responsibility of Croatia to meet the requirements

⁵ "Enlargement Strategy and Main Challenges 2008-2009"; Communication from the Commission to the Council and the European Parliament: May 11, 2008. pg. 32

outlined in the *acquis communautaire* and the responsibility of the current members of the EU to aid Croatia in this endeavor. During its Presidency, the Czech Republic intends to outline measures to address these and other issues and to provide assistance where possible and required.

B. Former Yugoslav Republic of Macedonia (FYROM)

Background

The Former Yugoslav Republic of Macedonia (FYROM) became independent from Yugoslavia in 1991, with the constitutional name the Republic of Macedonia. While FYROM experienced little conflict throughout the early 1990s, the Kosovo War in 1999 was seriously destabilizing for the country. A civil war in mid-2001 between the government and ethnic Albanian insurgents was also a major setback for development and reform. FYROM applied for EU membership and ratified the Stabilisation and Association Agreement in 2004; officially becoming a candidate country 2005.

The “name issue” refers to the Greek opposition to FYROM’s constitutional name, the Republic of Macedonia. Greece considers the name Macedonia reserved for one of its northern provinces. The name Former Yugoslav Republic of Macedonia began being used in 1993, when the country joined the UN under that name. This dispute between Greece and Macedonia has yet to reach a conclusion.

Issues

Central to discussion on the Former Yugoslav Republic of Macedonia is the opening of negotiations on the *acquis communautaire*. While FYROM has made considerable progress under its Stabilization and Association Agreement, its ability to adequately begin negotiations on the chapters of the *acquis* remains in question.

A major issue for FYROM is the establishment of free and fair elections. Violence continues to mar elections, as seen in the 2008 parliamentary elections, and other irregularities remain widespread. While the Former Yugoslav Republic of Macedonia has made some progress in holding individuals accountable for this violence, more is necessary. There also needs to be a reform of the electoral code and more limited use of emergency procedures to adopt legislation.

The name issue remains an issue for the accession of the Former Yugoslav Republic of Macedonia. Following the EU Summit of June 2008, the conclusion of this dispute is a precondition for EU accession.

Objectives

The Czech Republic believes a set of guidelines for the opening of negotiations with the Former Yugoslav Republic of Macedonia on the *acquis communautaire* should be set, establishing clear benchmarks to be achieved. The Presidency encourages both the member states of the European Union and the Former Yugoslav Republic of Macedonia to work toward this, with the end goal of achieving membership for FYROM as soon as practically possible. While accession to the European Union should not be granted until a country is fully prepared, progress towards this goal serves as a mechanism towards economic, political and social reform that is in the best interest of the individual country and the region.

The establishment of free and fair democratic elections, absent of violence, is essential for FYROM to establish before serious negotiations on the *acquis communautaire* can begin. While much of the responsibility for ensuring elections free of both violence and irregularities lies with the Former

Yugoslav Republic of Macedonia, the EU must also provide assistance in this endeavor. The Czech Presidency believes the European Union should outline specific areas for improvement as well as possible solutions for the establishment of free and fair elections along with personnel and supplies to facilitate these elections.

Regarding the name issue, the Czech Republic believes this issue should be resolved in a timely manner, as it poses a particular challenge in the negotiations for FYROM's accession to the EU. Despite the largely bilateral nature of the dispute, it is the responsibility of the larger European Union to ensure that a mutually acceptable solution is found.

C. Serbia

Background

The European Council had proposed a new Stabilisation and Association Process (SAP) for the five countries of South-Eastern Europe, in 1999 and later in 2001 announced all SAP countries were "potential candidates" for EU Membership. The fall of the Milošević government in 2000 led to a softening of Serbia's international isolation and Serbian leaders announced they would begin seeking EU membership. In 2005, the European Union opened negotiations with Serbia for a Stabilization and Association Agreement (SAA). These negotiations were, however, later called off due to lack of progress on cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY). After Montenegro declared independence from Serbia in 2006, Serbia became the legal successor to the State Union. After a new Constitution was adopted by Parliament, SAA negotiations between Serbia and the EU continued, as Serbia demonstrated a commitment to achieve full cooperation with the ICTY. Kosovo declared independence from Serbia in 2008, and was quickly recognized by many members of the international community and of the EU. Despite the SAA being signed in 2008, the Netherlands froze the Stabilisation and Association Agreement until Serbia implemented the trade part of the Interim Trade agreement; which was then implemented at the start of 2009.

Issues

A major continuing issue for Serbia's negotiation towards becoming a candidate country is its continued full cooperation with the International Criminal Tribunal for the former Yugoslavia. While a lack of cooperation on the part of the Serbian government has stalled negotiations with the European Union in the past, renewed commitment to the ICTY, as witnessed by the arrest of accused perpetrator of war crimes, Radovan Karadžić, will allow these negotiations to progress and establish an increased sense of peace and justice throughout the region. Along with this, relations between Serbia and Kosovo remain a key issue for peace and stability in the region, which affects Serbia's prospects for becoming an EU candidate country.

Judicial reform and the prevention of corruption remain challenges for Serbia. An effective judicial system is necessary for other reforms to take place and so remains a limiting factor in Serbia's progress towards EU candidacy. Though the prevention of corruption is most directly related to judicial reform, it also affects economic and political development, and so is particularly important to countries that are in the process of nation-wide reform.

Economic reform is necessary for Serbia over both the short and long term, for its path to candidate status, and to EU membership to continue. Serbia's market economy will require significant reform including its monetary policy, meeting target inflation rates, and continued privatization of state enterprises and banks to encourage foreign direct investment.

Continued negotiations on the Stabilisation and Association Agreement constitute another issue for the potential EU candidate status for Serbia, one that hinges upon the mutually agreeable resolution of the above issues as well as others.

Objectives

The Czech Republic feels strongly that there is great potential for Serbia's candidacy and endeavors to work with the other EU member states and Serbia to achieve this in a timely manner, taking into account a wide range of challenges and issues.

The efforts of the ICTY in the region are vital to promoting justice and creating an important break with past tragedies. Serbia's full cooperation with this institution is necessary for their continued consideration for EU membership. The Czech Presidency would like to acknowledge the progress Serbia has made so far, especially with respect to the arrest and extradition of Karadžić to the ICTY, and express its commitment to working with Serbia to comply with the ICTY. The Czech Republic will also "strive for the gradual normalization of relations between Serbia and Kosovo, including mutual participation in regional cooperation activities."⁶

Judicial reform is particularly important for Serbia and the Czech Republic will endeavor to outline specific guidelines for reform and the prevention of corruption, for the Serbian government. The Czech Presidency seeks to facilitate integration and EU enlargement throughout the Western Balkans and so will pursue setting reasonable, yet clear, guidelines for Serbia to achieve in the matters of judicial reform and corruption prevention, while providing assistance where possible.

The Czech Presidency strongly encourages Serbia to institute widespread economic reform. The establishment of a fully functioning market economy is vital to its future prosperity as well as its potential for EU candidacy, and later membership. The Czech Republic applauds Serbia's implementation of the Interim Trade agreement with the EU and believes that with further reform to Serbia's economy, the country will be able to soon meet its obligations under the Stabilisation and Association Agreement necessary for consideration to become an EU candidate country.

III. Energy Security

The European Union is one of the world's largest importers of oil, natural gas and coal, a dependence that will continue to grow over the coming years. As the security of its oil supply has become an increasing concern for the EU, energy is now often integrated into its relations and negotiations with other countries. Currently, forty percent of EU gas is imported from Russia, though often indirectly through third party countries; this is expected to rise to over sixty percent by 2030, with overall external dependency for natural gas to be as much as eighty percent. Similarly, by 2030, the EU is expected to import ninety percent of its oil consumption and almost seventy percent of the coal it will require.

Currently, external aspects of energy policy are a matter of national sovereignty and are the prerogative of individual EU member states. However, the Ukraine-Russia gas disputes of 2006 and 2009 have illustrated the disadvantages of having separate member state policies with external energy

⁶ "Work Programme of the Czech Presidency: Europe without Barriers" 2009 Czech Presidency of the Council of the EU. <<http://www.eu2009.cz/en/czech-presidency/programme-and-priorities/programme-and-priorities-479/>>

suppliers. To address these problems, the Commission issued a ‘Green Paper’ in 2006 and adopted a Communication in 2007 outlining a new energy policy for Europe, stating “energy must become a central part of all external EU relations.”⁷ Following this, in 2007, the European Council Conclusions featured a two-year energy action plan and the EU Network of Energy Security Correspondents was established to monitor energy security.

A. EU-Russia Energy Dialogue and EU-Ukraine Energy Relations

Background

The EU-Russia Energy Dialogue was launched in 2000 with the aim of securing access for Europe to Russia’s oil and natural gas reserves. This dialogue is based in large part on the expectation that there will be a growing interdependence between the two. For the European Union, the security of energy supply is and will continue to be a motivating factor, while for Russia, closer ties to the EU and the broader Europe will encourage foreign investment and facilitate access to European markets. Also part of the negotiations is the question of EU support for World Trade Organization membership for Russia. There has been only minor progress on this dialogue so far; however, the importance of the EU-Russia Energy Dialogue is paramount to Europe’s energy security.

The European Union’s relationship with Ukraine is an increasingly close relationship, moving beyond simple cooperation, to gradual economic integration and greater political cooperation. As outlined by the European Neighborhood Policy (ENP), Ukraine is a priority partner country and the EU’s relations with Ukraine are based on the Partnership and Co-operation Agreement (PCA) which initially entered into force in 1998, and has since been extended. The government Presidency Viktor Yushchenko is aiming for Ukraine to become an EU member state, and while the EU considers this a “realistic vision for the future,” Ukraine is not currently in line for EU candidacy status. The European Union and Ukraine are intrinsically linked through their common energy security needs. As eighty percent of Russian natural gas transported to the European Union passes through Ukraine, these links cannot be ignored.

Issues

The latest Russia-Ukraine natural gas dispute, in January 2009, resulted in a disruption of gas imports into Europe, leaving some member states without heat for days in the middle of winter, with nearly all member states feeling the affects to some extent. Other disputes between the two countries have occurred in the past, and the European Union must take action to ensure its energy supply is secure and consistent. While the dispute occurred between two non-EU countries, thus limiting the amount of direct control the European Union and its member states have over the situation, it is in the best interests of all involved for the EU to work with both Russia and Ukraine to prevent further disputes and ensure a steady and continuous supply of natural gas to Europe.

A key issue for the European Union with regards to the EU-Russia Energy Dialogue is establishing an EU wide approach to Russia. Many member states have established bilateral agreements with Russia, which continue to prevail over any overarching EU approach. While many member states view energy partnerships as domestic policy and the purview of the individual state rather than the EU, others are concerned that without a singular approach to oil and natural gas producers, such as Russia, the overall energy security of Europe is at risk.

⁷ “Geopolitics of EU energy supply,” EurActiv.com < <http://euractiv.com/en/energy/geopolitics-eu-energy-supply/article-142665> >

Another issue is the opening of Russia's domestic energy market. According to the Centre for European Studies (CEPS), Gazprom controls nearly seventy percent of gas production in Russia and maintains a monopoly with regards to Russian gas exports. Market competition in Russia's gas production and transportation would allow European companies to invest in Russia's energy sector, limiting the effects of a bilateral trade dispute between two corporations, as was the case in the most recent Russia-Ukraine gas dispute. With regards to promoting such market competition there are varying opinions among the EU member states as to the feasibility of such an endeavor, how, and if, this should be accomplished.

Objectives

With regard to the temporary cessation of natural gas supplies to Europe, the Czech Presidency strongly encourages Ukraine and Russia to continue working to ensure there are no future disagreements of this nature, as these bilateral disagreements have resulted in hardships across Europe. The Czech Presidency will continue its efforts to promote agreement between these two nations, as well as providing assistance, such as personal to monitor gas flows, to ensure Europe's energy security. It is necessary for both Russia and Ukraine to maintain their contractual obligations to each other and to third parties to maintain their credibility as energy providers in the world market and desirable investment opportunities for corporations and nations. While short term solutions have been developed to maintain the supply of natural gas, the recurring nature of these disputes and the temporary disruption of natural gas supplies to Europe indicate that long-term solutions are required in addition to the short-term agreements established after the fact. The Czech Presidency invites the member states of the European Union to develop possible long-term solutions for continued EU-Russia-Ukraine energy security.

The Czech Republic strongly encourages the European Union to develop a strong unified position in its approach to Russia and energy policy. In light of the recent 2009 Russia-Ukraine gas dispute, EU-wide cooperation on energy policy, particularly with regard to the EU-Russia Energy Dialogue is increasingly important for the security of Europe's energy supply. The Czech Presidency will also encourage the EU to take up a strong position in relation to Russia, and to hold Russia accountable to its agreements to provide natural gas, and oil, to European countries. With an EU-wide collaborative approach to Russian energy, the Czech Republic believes the EU's bargaining power vis-à-vis Russia will increase.

The opening of the Russian energy market to competition is an important reform beyond the partnership of Russia and the EU. A more open market will benefit Russia by encouraging foreign investment, in not only the energy market, but also in other sectors through an increased sense of investment security. The Czech Presidency will strive for the Council of the European Union to come to agreement as to how the European Union will seek to address this issue before the next EU-Russia Summit in June of 2009.

C. Oil and Natural Gas Pipelines

Background

The Baku-Tbilissi-Ceyhan (BTC) oil pipeline connects Baku, the capital of Azerbaijan; Tbilisi, the capital of Georgia; and Ceyhan, a port on south-eastern Mediterranean coast of Turkey, and was first opened in 2005. The pipeline is intended to relieve some of Europe's oil dependency on the Middle East and Russia; however in its initial stages supplies only one percent of global demand. Another intention of the pipeline is to diversify global oil supply and ensure against a disruption in

supply elsewhere. Complicating this are the security concerns with the BTC pipeline; though it bypasses Armenia, it goes through Georgia and the Kurdish region of Turkey, both of which have unresolved conflicts.

Another important pipeline is the planned Nabucco pipeline, intended to transport natural gas from Turkey to Austria, through Bulgaria, Romania, and Hungary. The geo-political significance of this proposed pipeline is that, like the BTC pipeline, it will bypass Russia, giving Europe an alternative source of natural gas. The project began in 2002 with an agreement between OMV of Austria, MOL of Hungary, RWE of Germany, Bulgargaz of Bulgaria, Transgaz of Romania and BOTAŞ of Turkey. In January 2009, the Nabucco Summit was held in Budapest where the heads of the European Investment Bank and the European Bank for Reconstruction and Development agreed to provide financial backing for the Nabucco gas pipeline and the European Commission proposed €250 million as part of its Economic Recovery Plan towards funding the pipeline; though at the Nabucco Summit in Budapest the EU Energy Commission stated that as of now, there would be no European Union funding for the project. There is still some speculation as to whether or not the project will be built, as there has been hesitation by the private sector to finance the project and the Georgian-Russian conflict in 2008 highlighted the potential instability of the region, throwing further doubt on the project's security and feasibility. Construction is expected to begin in 2010 with an expected completion date of 2013.

Other major pipelines include the Blue Stream pipeline, the South Stream project, the White Stream pipeline, the Nord Stream project and the Arab Gas Pipeline. The South Stream in particular is seen as a rival to the Nabucco pipeline. The Arab Gas Pipeline, and possibly the Blue Stream, may be expanded to connect to the Nabucco pipeline, creating further diversification in Europe's energy supply and the transportation of that supply.

Issues

It is in the interests of the European Union to promote a diversification of supply in oil and natural gas to ensure its energy security. As was seen with the 2009 Russia-Ukraine dispute, there are inherent risks of dependence on a single supplier or pipeline. To minimize the possibility of such a dramatic disruption of energy supply to Europe, the European Union must work towards not only ensuring the continuation of supplies from current sources, but to work towards establishing new sources of energy supplies. Projects like the BTC and Nabucco pipelines protect these interests.

The issue of funding has been raised with many potential pipeline projects, most notably the Nabucco pipeline. In light of the Russia-Ukraine dispute there have been increasing insistences that energy supply security and diversification are in fact a security issues that should be resolved with not only EU negotiation, but with EU funds as well. There is also a question of the practicality of these pipelines. With the 2008 Russia-Georgia conflict, the security of the proposed Nabucco pipeline has been questioned. Another issue to be addressed is the EU's position on pipelines versus individual member state's positions and the respective interests of each.

Objectives

The Czech Presidency strongly believes it is in the best interests of the European Union to promote energy supply diversification. The EU's overwhelming reliance for Russia for its natural gas is vulnerability, as was seen in the 2009 Russia-Ukraine dispute as well as Russia's past limiting of the oil transported through the Druzhba pipeline to Eastern European countries. The Czech Presidency

will strive to raise support for EU funding for the Nabucco project, as it is a strategic project for the European Union which will increase the security of Europe's energy supplies. Europe's dependence on a single provider for its natural gas could jeopardize Europe's overall security and ability to act independently. Nabucco is not an anti-Russian project, but an assurance that the European Union's energy supply will be more secure in the event of external conflicts. Because of its progress to date, the Nabucco pipeline is Europe's most plausible and immediate option for the diversification its natural gas supply.

The Czech Republic will continue to support both oil and natural gas projects that allow for the importation of energy supplies to Europe from a variety of suppliers and producers.

IV. Concluding Remarks

The Czech Republic is proud to be given the responsibility of the Presidency of the Council of the European Union and along with promoting the priorities of the Czech Republic and the larger European Union, is ready to moderate debate on current issues facing the Union and to continue implementing EU policies. The goal of a "Europe without Barriers" is one that the Czech Presidency will strive to work towards throughout its tenure, a goal the Czech Republic will continue to work towards even after its Presidency has ended. The Czech Republic looks forward to working with the member states of the European Union to address these issues currently facing Europe.