

## 4. CZECH-GERMAN RELATIONS IN THE EUROPEAN UNION<sup>1</sup>

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The accession to the European Union brought a substantial, albeit rather gradual change to Czech-German relations. On the one hand, European political topics started to significantly seep in to bilateral relations, influencing and forming them; on the other hand, bilateral issues influenced the formation of the framework for cooperation on European topics. This intertwining is a logical result of the fact that European politics itself comprise not only issues of supranational governance but also of national politics and, last but not least, also bilateral relations between EU states. Since the beginning of the integration process, the traditionally strong intergovernmental element in the EU decision-making process (even in the areas of the former community pillar) significantly influenced mutual relations among Member States. Even in the pre-crisis era, significant tendencies to strengthen the elements of “cooperative federalism” (in which states played a key role as the units of supranational federal decision-making) started to appear. Due to the economic and financial crisis the significance of intergovernmental model of making decisions about new instruments of European governance has increased (see Curtin 2014; Belling 2014; Menéndez 2014). All this created preconditions leading to the fact that the bilateral aspects of issues with a European dimension gradually started to overshadow traditional “purely” bilateral relations between

<sup>1</sup> When preparing this chapter, in addition to the source literature, I also drew on personal memories and information gained during the execution of my duties as Deputy Director of the Department, Director of the Department, Director General and lastly the State Secretary for European Affairs of the Office of the Government of the Czech Republic.

European states. As we will show in this chapter, this process has also influenced Czech-German relations.

### 4.1 Czech-German relations in the EU in years 2004–2009

As stated, the Czech entry into the EU was the beginning of a crucial transformation of Czech-German relations. Until that moment, the relations of both states, both on the level of diplomacy and political and media reflection of mutual relations, were strongly influenced by issues of the past. Although official political representatives tried to present these issues as “resolved” by the Czech-German Declaration, the ghosts of these “past” issues regularly appeared on the pages of the press and even in the agenda of political meetings. A particular culmination of this era was an intensely followed examination of the conformity of the so-called “Beneš Decrees” with EU/European Community principles of law. Although the German federal government repeatedly emphasised that this topic did not concern the federal government and was only a legal issue, the process of examination opened many old wounds. However, the final assessment prepared for the European Commission and the official position of the Commission represented a symbolic conclusion of the phase, after which the issue of the Beneš Decrees definitively disappeared from the “living” cases of Czech-German politics at the official level. The development of governmental statements also testifies to this fact: while in 2004 and 2005, the Czech government still thought it was necessary to comment – in its formal policy statements – on “issues related to the end and to the consequences of the Second World War,” albeit only in form of a reference to the Czech-German Declaration and to the resolution from the Chamber of Deputies of the Parliament on the validity of the Beneš Decrees (Government of the CR 2004; Government of the CR 2005), the policy statements of the government made during the following years did not contain this topic at all (Handl 2006: 52). From the beginning, the Europeanisation of Czech-German bilateral relations (for more on this concept, see Bazin 2006: 134ff) represented also a transformation in which the purely

bilateral agenda, often influenced by the past, took a back seat in the mutual political communication (no matter how these issues continued to resonate in the society at large and in national politics). After the accession of the CR to the EU, European affairs became the main issue of bilateral relations between both countries (Handl 2008: 163). However, the “historical” topics did not cease to influence the relations of both countries in European affairs and, as we will see later, made themselves felt from time to time.

At the very beginning, it is necessary to define several levels which can be distinguished when talking about EU-related Czech-German relations. First, there are rather sectoral topics of mutual political relations connected to the specific issues debated in the EU institutions representing the Member States, which means in particular the Council and the European Council. At this level, there have existed (and still exist) both topics with a strong potential for mutual cooperation as well as topics that rather complicated bilateral relations. Second, there are more general issues regarding the overall position of a country on the future of European integration, which, on the one hand, seemingly lack a Czech-German element but on the other hand, because of the intensity of the different positions, traditionally introduced complications into Czech-German political relations. Third, we can also mention the projection of historical bilateral relations and stereotypes onto current issues of European politics, which also influenced the mutual cooperation of these states. We will deal with all these aspects in the following text of this section.

#### 4.1.1 Czechs and Germans in the sectoral policies of EU: on the path to pragmatic cooperation

It is surely unnecessary to remind readers that European politics is by its nature influenced by its division into various sectoral policies, which in turn also determines the way European policy issues are projected onto mutual inter-state relations. While there are traditionally only a few institutions exclusively responsible for issues related to most international organisations at the national level (the key role in this respect is standardly played by a ministry of foreign affairs), which also hold the

reins to bilateral negotiations with other states related to the affairs of these organisations, the situation is totally different in the case of the national EU policy. Sectoral division of the Council naturally led not only to the de-concentration of European affairs, putting them into the hands of various governmental institutions, but also led to a situation in which issues of bilateral relations were in fact taken away from the exclusive competence of the ministries of foreign affairs and entrusted to these other diverse governmental institutions, at least until the issues exceeded a certain level of political sensitivity. This also logically causes the intensity and also the quality of mutual relations to become more diverse in the different sectors, depending both on the importance of the given issue for the national interests, and on the willingness of the administration and management of the given authority to establish and maintain relations with other states.

Indisputably, it can be generally stated that Germany, as well as the countries of the Visegrad Four (further referred to as the V4), have been traditionally perceived by Czech governments as the key partners in European politics. While the main motivation in case of the V4 countries has been territorial proximity, shared historical experience and the shared experience of EU newcomers with similar economic positions, in the case of Germany this role has been based – historical and cultural influences notwithstanding – particularly on strong economic ties. Czech *de facto* dependence on the German economy has been often used by key political actors as well as political commentators to justify the need for closer ties with Germany. However, their appeals have not always materialised. It can be stated that the level of intensity of any cooperation has traditionally depended on objective factors determining concrete positions in individual sectoral agendas rather than on general strategic political deliberation.

The cooperation between the Czech and German governments and their common opposition against capping Common Agriculture Policy (CAP) payments for large farms can serve as an example here. The structure of agricultural production in the Czech Republic and the “new” German federal states (also due to the heritage of collectivisation) still significantly differs from that of the rest of Europe (see Bundesverband Deutscher Landwirte 2006; Sahrbacher et. al. 2010). For

a long time, this has made the CR and Germany natural allies, without any strategic top-down political pressure. However, this is the only case of strong bilateral cooperation in issues of EU agriculture policy. For example, in the sensitive case of sugar quotas, the Czech and German governments took totally opposite views: Prague demanded liberalisation, whereas Berlin (together with Paris), with the aim to protect the south German sugar giants, supported maintaining the rigid regulations. Similarly, in the case of reform of the CAP, the Czech government was from the beginning an ally of the north European countries enforcing a gradual decrease of the subsidies, whereas Germany and its strong agricultural lobby, represented in the government especially by the Christian Social Union (CSU), was rather cautious on this issue (see the overview of the positions of countries in Hofreiter 2010: 525). As regards the equalisation of CAP payments to farmers from the new and old Member States, the Czech government – for obvious reasons – also stood on the other side of the barricades.

These examples demonstrate that even in one single sectoral area, we cannot speak uniformly about Czech-German relations, but rather about differentiated relations depending on the topics which are discussed. This is a natural consequence of the fact that the bilateral cooperation between the governments has never been an objective *per se* and results rather from national interests related to a specific issue. Another factor influencing the intensity of bilateral cooperation is the number of countries sharing similar position. In the case of the capping of agricultural payments, only a few other governments (especially Denmark and the United Kingdom) held similar positions as the CR and Germany, and this had a positive effect on the intensity of Czech-German cooperation (because of the absence of other possible allies). On the other hand, when the Czech and German governments share a similar position with a number of other important actors, the Czech-German bilateral relations are surely not the axis or the “motor” of cooperation. This axis is usually represented either by a common platform of all states of the given coalition or by its key actors, i.e. larger Member States.

Even though the Czech and German positions overlapped in many areas, it is definitely difficult to quantify the amount of such overlaps

in the relation to all matters debated in the Council of EU (without mentioning any specific source, Vladimír Handl (2011: 161) argues that about 70 % of Czech-German governmental positions were mutually compatible). However, such quantification is of limited informational value; the qualitative element, which means the importance of the given area for one of the states and also the number of the states in the similarly compatible position, is more important. If the same attitude is shared for example by 10 or 15 states, the mutual overlap of the Czech and German position does not play an important role in terms of their mutual relations. On the other hand, if an interest is shared only by these two states (or only by a few more), this relation and the mutual coordination of the strategic actions become very important. However, there have been only few of such areas (one of them was the aforementioned support of large agricultural enterprises).

In many crucial areas, the positions of the CR and Germany differed. For example, in the case of the most important legislative proposal of the whole period of 2004–2009, i.e. the draft directive on services, the dividing line cut across the traditional supporters of the internal market – between more generous welfare states striving to maintain social protection in services and more liberal countries with a lower standard for this protection. Germany, together with Sweden and others sat on one side of the table, while the Czech Republic, other new Member States and the United Kingdom sat on the other side (Flower 2007: 224f; Timmerman 2009: 49). There were also significant differences in attitudes towards energy issues, especially in attitudes toward reducing the continent's dependence on Russia, where Germany favoured a rather moderate position relative to the Czech Republic (see Handl 2009b: 147). One specific issue which negatively influenced the perception of Germany in the Czech Republic was the protracted prohibition of the German labour market to Czech workers. Until 2011, Germany fully applied all voluntary transition periods; during this whole time, the Czech government as well as other political actors critically commented on this approach (Handl 2008: 172; Handl 2009b: 148). However, due to the low interest of the Czech population in working abroad, this topic never developed into an issue of a society-wide importance that would significantly affect Czech-German bilateral relations and

the perception of them. On the whole, this issue remained a rather symbolic one.

It can be concluded that in sectoral policies, the Czech-German relationship developed on fully pragmatic grounds, depending on the interests of the states in the given field. The relations of both countries did not have any exceptional nature to the effect that their interest in mutual cooperation would influence the identification of their national/state interests or would modify them. Nonetheless, the intensity of the bilateral relations was in general relatively high, thanks to the similarity of the interests in many sectoral issues and the economic interconnectedness of both countries.

#### 4.1.2 Institutional reform and the debate on the future of the EU

In sectoral policies, bilateral relations between the Czech and German governments were based on positions determined to a large extent by objective factors (i.e. the major role in the determination of governmental attitudes and the implementation of cooperative efforts were played by the non-partisan bureaucracy). However, in case of the “big” EU debates, i.e. the reforms of the primary law and the discussion on the future of Europe, ideological differences on both sides dominated. Here, the key role was played by political parties. Crucial topics which became the main subject of interest included first the preparation of the EU Constitutional Treaty (Treaty Establishing a Constitution for Europe) and subsequently – after its failure – the negotiation of its “light” version represented by the Treaty of Lisbon. This era also includes the German and Czech Presidencies in the Council (in 2007 and 2009 respectively), which influenced top-level relations of both states as well.

Given the relative continuity of German politics vis-à-vis the EU (after the formation of the Grand Coalition in 2006, the attitude of the German cabinet towards the main topics of the EU politics has remained relatively constant), any changes in the relations between the two states regarding “big” EU debates has resulted from changes on the Czech political scene. The period of mutual closeness during the era of Czech centre-left governments was replaced by a partial

chill in 2006, which ended during the Czech Presidency of the Council (Handl 2009a: 35). However, this general division must be further differentiated. Although the centre-left governments in 2004–2006 had generally more responsive attitudes both toward the deepening of European integration and more intense cooperation with the German federal government led by the Social Democratic Chancellor Gerhard Schröder, there were also some limits to this cooperation, particularly in relation to the EU Constitutional Treaty negotiation. Jan Kohout, the official representative of the Czech government on the Convention on the Future of Europe, who acted at the same time as the representative of Czech Social Democratic Party (Jan Zahradil from the Civic Democratic Party represented the Chamber of Deputies of the Parliament; Jan Zieleniec from the Quad-Coalition represented the Senate), made it a priority to cooperate with smaller EU Member States, and form a likeminded coalition of 19 states. Their main objective was to oppose the weakening of the positions of small and medium-sized countries in the institutional reform. For a similar reason the Czech Social Democratic Party (ČSSD) also fought against the idea to reduce the size of the European Commission and to establish a permanent presidency of the European Council (comp. Řiháčková 2007: 6). These priorities dominated government action. At the same time, these topics distanced the Czech government from the positions of the German federal government which were, first, focused more widely (i.e. not only on institutional issues), and, second, supported the idea to introduce permanent presidency, to change the voting system in the Council in favour of bigger countries and to reform the size of the Commission; understandably, these positions resulted from the interests of big countries (comp. Handl 2008: 164). Despite their failure to succeed with the mentioned priorities, the ČSSD eventually clearly supported the final version of the constitutional treaty (ČSSD 2005). After all, the general strong pro-integrationist attitude was the main explicit motivation of its position; support for the EU Constitutional Treaty was clear from the very beginning, irrespective of the final shape of the document, as it was seen *per se* as a step towards deepening integration.

The appearance of a series of centre-right governments in Prague starting in 2006 led to an expectation of change in the governmental

attitudes to the debate on future of European integration. Even during negotiations about the Constitutional Treaty, the Civic Democratic Party made no secrets of its strongly critical position. Czech president Václav Klaus expressed his negative attitude towards deeper integration many times, and he explicitly singled out Germany as the proponent of this trend (Klaus 2007). However, the German government, aware of the fundamental differences of opinions between the key Czech and German political actors, strived to move closer towards the Czech Republic before and during Germany's Presidency of the Council during the first half of 2007. With respect to this, during the negotiations surrounding the Berlin Declaration adopted on 25 March 2007, the German government was largely forthcoming regarding the requests of the Czech government (Euractiv 2007). In April 2007, Chancellor Merkel invited the Czech President to a meeting at the castle of Meseberg, after which Václav Klaus took a more conciliatory stance on the new EU Reform Treaty and agreed to no longer block its ratification (Handl 2008: 165). This German effort was one of the main reasons why the Czech government took a more moderate attitude towards EU reform. In a document called "The Czech Republic's Position on Institutional Reform of the European Union" from April 2007 (Government of the CR 2007a), the Czech government defined its principally positive position on the ratification of the Reform Treaty. The fact that the success of this treaty was considered as the prerequisite for further EU enlargement also played an important role, since enlargement was strongly supported by the Civic Democratic Party (Beneš and Karlas 2008: 67). Another motivation was to resolve the "problem" of Treaty revision before the beginning of Czech Presidency. But just as Czech and German reasons for the support of the new treaty differed, second-level priorities differed as well. While the Czech government supported in particular easier procedures of enlargement and the so-called reverse flexibility principle (the possibility to re-nationalize EU competences), and rejected any legally binding effect for the EU Charter of Fundamental Rights as well as the symbolic elements of the constitutional dimension of the Union, the German priority focused on intensification of integration in the spirit of the previous Constitutional Treaty.

The effort to find a compromise concerning reform issues led to a significantly more intensive contact between the Czech and German government. However, this wasn't a result of an endeavour to improve Czech-German relations *per se*. Rather, it must be interpreted as a natural consequence of the fact that a country holding the Presidency has to intensify its relations with all EU governments. Two years later, when the Czech government took the reins of the presidency on 1 January 2009, the situation changed. Logically, at this moment, the Czech government had to put its own national interests aside. This again created an opportunity for closer cooperation with the German government, including on the topics which were previously marked by a divergence of opinions. This was further facilitated by the fact that the Reform Treaty (as the Treaty of Lisbon) had already been agreed on, and there were no emerging topics of major constitutional changes. In the sphere of sectoral policies there were no sensitive topics where both parties would have significantly different positions. From the German perspective it was crucial that the Czech government had decided to ratify the Treaty of Lisbon, which was the output of a long-term effort by Germany to reform the EU. In return the Chancellor assisted the Czechs during their presidential term in participating in forums where they would otherwise be unable to be successful (Handl 2010: 137). Without a doubt, the Czech Presidency of the Council was an era characterised by the most intensive contact between the Czech and German governments in modern history.

However, the end of the presidency brought a return to the old ways. As a consequence of the fall of the Czech government, it was impossible to capitalise on the established personal relations on the level of the Prime Minister and other members of the government. Conditioning the ratification of the Treaty of Lisbon with further requirements by the Czech President in October 2009 also did not contribute to the intensification of the mutual relations. Regardless of its rather minor practical impact, the "opt-out" from the EU Charter of Fundamental Rights negotiated for the Czech Republic (Belling 2012) was perceived by the German press and political world with displeasure. As is well known, the motive for its adoption was the concern that the Court of Justice of the EU could legitimize the ownership claims of Sudeten

Germans. The representatives of the Sudeten German homeland association took advantage of this situation to claim the CR had become a “second class zone of human rights” (Posselt 2009). But this criticism in turn became a breeding ground for the advocates of the mentioned exemption, who earlier opened the topic of the expulsion of Germans in connection with the Treaty of Lisbon and felt to be confirmed in their fear (Handl 2008b: 145). Whether the use of the Sudeten German issue was or wasn't just a tool for obtaining the opt-out, it helped to revive the already forgotten ghosts of the past (Douglas 2012: 402ff). Moreover, although the German actors in everyday EU politics were able to distinguish between the rhetoric and the positions of the government on the one hand and those of the President on the other hand, in the German media discourse both blended together and influenced the overall picture of Czechs as the Eurosceptic allies of Great Britain and Poland. It should be emphasized that in terms of the specific actions of the Czech government, there was only small justification for such a picture; by no means did it exercise its right to veto in the EU Council or the European Council any more often than other countries, and did not obstruct important legislative proposals in any way. The Euroscepticism rhetoric of Czech elites was addressed to the domestic audience, while in the meetings of the Council of the EU and the European Council, the government behaved rather moderately, keeping a similar profile as other states.

#### 4.2 Czech-German relations in the EU in 2010–2015

The development after 2009 was deeply marked by the economic and financial crisis, which dominated all issues debated at the highest political levels of the European Union, and logically was reflected in the EU-related bilateral relations of Member States. Due to the noticeable shift to the extensive use of the intergovernmental method, the inter-state negotiations before important meetings at the EU level became much more important. The implementation of urgent measures balancing on the edge and often crossing the line of the primary law of the EU was possible only by the unanimous agreement of the Member

States, as the Masters of the Treaty, in the Council of the European Union. After all, some of the measures were adopted in the form of international treaties beyond the scope of the EU law. Instead of the standard procedures, where decision making is prepared in the working groups of the Council, in the Commission apparatus, and in the political groupings of the European Parliament, traditional international diplomacy came to the fore, in which the diplomatic staff of the Member States took on the key role. The “new” framework of bilateral relations also influenced the areas related to common sectoral issues in which the influence of high politics was more apparent.

#### 4.2.1 EU crisis management and Czech-German relations

The economic and financial crisis made various cleavages within the European Union clearer than ever. The most apparent dividing line was between members and non-members of the Eurozone, which placed the Czech Republic and Germany on the opposite sides of the imaginary wall. The needs of the Eurozone to deal with the acute problems of its peripheral economies (and to prevent these problems in the future) logically led to pressure to deepen integration among the Eurozone members. Many crisis measures were adopted only within the Eurozone and were accordingly prepared in fora which were reserved only for its members, such as the Euro group or the euro summit, which gradually took shape as a semi-official body competing with the European Council during 2011–2013. Another cleavage was between the northern states, which emphasized budgetary discipline, austerity measures and strict conditions of aid to sinking economies, and the southern states, who called for fiscal expansion in the form of public investment and massive support of the peripheral economies, and for solidarity measures in the form of common bonds and instruments for risk-sharing. In this constellation, Germany found its closest allies in Netherlands, Finland and also Slovakia (during the time of Prime Minister Radičová).

The gradual deepening of the internal integration of the Eurozone was reflected in the appearance of many instruments and coordination mechanisms restricted only to the countries within it. Some of these

instruments and mechanisms were based on international agreements with only limited participation of the non-Eurozone members on the negotiations. However, this does not mean that these situation side-tracked bilateral relations between Germany and other EU states in the coordination of the positions within the EU. Many important issues of crisis management were still decided by the EU as the whole, either in the Council or in the European Council. Moreover, while in the Eurozone Germany and its allies formed a clear minority, the majority of non-Eurozone members sympathised with Germany rather than with the European South. This was the case of Denmark, Sweden, Poland and the Czech Republic, as well as the Baltic States (but not always of the UK, calling for bail-in-instrument as a strong “bazooka”). After all, the government which took office in Prague in 2010 explicitly stated that it wanted to be in particular the “government of budgetary responsibility” and left nobody in the dark concerning its position in the virtual clash between the European North and South.

From the very beginning, Germany tried to make use of the fact that the non-Eurozone members showed a greater level of understanding for Germany’s interests in the crisis measures and the reform of monetary union than many Eurozone Member States did. This was also the reason why the German federal government was rather reserved in its position regarding rapid institutionalisation of the Eurozone decision making fora, which was promoted in particular by Nicolas Sarkozy. On the contrary, the federal government tried to enforce the majority of measures within the whole EU and to use the European Council as the main body to discuss and resolve key issues of crisis management. The support from Copenhagen, Stockholm, Prague or Warsaw was therefore very welcomed by Berlin. This also allowed to put aside many unpleasant memories of the recent past, including the troubles during the negotiation of the Treaty of Lisbon. Instead of the earlier tension between the small and big countries or between the old and new EU Member States, there emerged a tension between the southern and northern wings of the Union which significantly neutralised previous differences.

Of course, it has to be pointed out that from the point of view of the German federal government, the central role in cooperation on major

European topics was to be played by the big countries. It is not surprising that with respect to the understandable philosophical distance to Great Britain on one side and to Italy and Spain on the other side, the coalition agreement between the CDU, the CSU and the FDP from 2009 only mentions cooperation with France and Poland *expressis verbis* (CDU, CSU, FDP 2009: 114). However, if we look at the specific positions of the German governmental coalition in 2009–2013 on many crucial topics of the future of the EU, we find rather convergence than divergence with the Czech government’s attitudes of that time.

The support of Member States’ in their role as the key actors in EU integration and the corresponding emphasis on the role of the European Council is an obvious example. The older mantra of Czech governments after 2004 saying that the main role in EU politics should be played by the European Commission as a supposed “ally” of small EU members was replaced by the conviction about the advantages of intergovernmental cooperation which would allow, in comparison with the demanding machinery of the proper EU legislative process, a flexible reaction to pressing needs. The German coalition treaty mentioned the need for “a closer debate of our Member States” as a logical consequence of the intensification of integration (CDU, CSU, FDP 2009: 114). In a well-known speech at the College of Europe in Bruges from 2 November 2010, Chancellor Merkel introduced the concept of the so-called “Union Method” (“Unionsmethode”) as an intergovernmental alternative to the current Community Method which, after all, in the strict sense ceased to exist with the end of the European Community in 2009 (Merkel 2010: 7). Although this concept was not universally adopted, even by the German governmental coalition itself (Dyson 2015: 64), it illustrates very well the approach chosen by the Chancellor regarding both the evolution of integration and the way solutions to the crisis were managed. Her approach of received a positive response from the Czech side. Prime Minister Nečas himself even explicitly approved the concept of the Union Method in Merkel’s sense (Nečas 2012). The alliance with Germany was not a result of a strictly tactical choice based upon a motivation to be responsive to the most important economical ally. It was also the result of the political decision for a specific integration model.

The receptiveness to the concept of intergovernmental cooperation and also to the content of the German crisis policy made the Czech government a close ally. Although the Czech government did not have to deal in detail with the assistance programmes for the countries affected by the sovereign debt and banking crisis, for the Czech government, the topic was important with respect to both the commitment of future euro adoption and the impact of the Eurozone crisis on the economies of other EU states. The commitment to adopt the euro currency in particular put the Czech government in a situation that was totally different from that of the United Kingdom, even if the Tory party, leading the British cabinet at that time, was a close partner of the Czech Prime Minister's Civic Democratic Party in the European Conservatives and Reformists political group. Despite the fact that it became a popular cliché to speak about the Czech-British tandem in the political-media discourse, the potential role of such a "tandem" was significantly smaller than was the widespread impression. While, to the satisfaction of the EU's South, the British government called for the most generous assistance of the Eurozone to its peripheral economies and the Prime Minister Cameron repeatedly asked Eurozone members to create a real financial "bazooka", the Czech government, aware of the fact that sooner or later it would become a creditor, naturally took a diametrically opposed position, closer to the one of Finland, Netherlands and, of course, Germany. This difference was, however, based not only on this calculation regarding the future euro accession, but also on the different political attitude to the solution of the crisis, in which the British politics accentuated both massive financial aid to the crisis-facing economies and expansionary monetary policy. On contrary, similarly to its priorities at the national level, the Czech government promoted strict austerity measures and strong conditionality of any financial assistance in the EU.

The described approach made, as it was said, the Nečas cabinet an ally of the politics of Angela Merkel. Prague and Berlin held a common line on the solution of sovereign debt. In the majority of controversial issues and measures discussed at the ECOFIN and the European Council, the Czech government stood up for the policy of Berlin. This applied, for example, to the sensitive issue of private sector involvement

in the rescue programme for Greece (Government of the CR 2011b: 6). Similarly, Prague explicitly supported Berlin on the refusal of the idea of common eurobonds (Government of the CR 2011c: 9). The government was also very sceptical about the discussed possibility to monetize indirectly the stated debt by a massive acquisition of sovereign bonds by the ECB (Government of the CR 2011c: 9).

However, due to the fact that almost all these issues were discussed mainly among the Eurozone members themselves, the Czech government, despite its explicitly expressed opinion, played a relatively minor role as that of an observer rather than as an active player in this debate. Nevertheless, the Czech government also took a similar stand to Berlin on topics which had been discussed in the whole EU. During the key negotiations on revision of the Stability and Growth Pact (the so-called "Six-Pack" and the "Two-Pack"), Prague promoted a policy supporting the strengthening of budgetary responsibility and EU fiscal supervision and supported a maximal amount of automatic sanctions (with the exception of the reverse majority voting principle, which was seen by the Prague cabinet as controversial from the legal point of view). The Czech government and in particular its Prime Minister supported Berlin even in the effort to further tighten the budgetary surveillance beyond the framework of the Six-Pack and the Two-Pack. Whereas at the beginning of 2011 the majority of EU states refused the French-German proposal of the Competitiveness Pact, with the document also facing fierce criticism from the European Parliament and European trade unions, the Czech government, no matter how it criticised the idea of common corporate taxation (which was part of the proposal), took a more positive attitude to the whole idea of the Pact. Nečas explicitly supported the plan to implement the measures mentioned in the proposal using an intergovernmental way (Euroskep 2011). Initially, the government also supported the concept of the Euro Plus Pact, which was eventually transformed into the idea of the Competitiveness Pact later on. The mandate approved by Czech government in March 2011 clearly stressed that the "CR underst[ood] the importance of the Pact for the Euro and ha[d] supported the idea from the very beginning." (Government of the CR 2011a: 5). Prague (together with Stockholm, Budapest and London) itself did not join the Pact, partially due to



objections related to tax harmonisation, but most importantly because the final document was agreed on by the Eurozone members, and the other states had no possibility to influence the final version (Government of the CR 2011a: 6). The Czech cabinet saw the Pact as a tool for solving Eurozone problems and did not therefore see any urgent necessity to join it. However, it continued to support it as a suitable instrument for the Eurozone itself (Government of the CR 2011b: 18). It was paradoxical that in Prague the strongly euro-enthusiastic Social Democrat opposition criticised this lack of support as an anti-European act, while the stance of the European Socialist Party to this document was more than critical, and, vice versa, the conservative coalition decided not to join it even though the Pact was generally interpreted as the victory of austerity-promoting EU members. The Czech domestic media immediately started to speak about “isolation” of Prague and argued that the CR will end up on the “periphery” because the “Pact members will start to meet in discussions excluding the remaining four countries” (Houska 2011). Poland, for example, ultimately joined the pact precisely because of the concern that it might lose a place at the table in important meetings. But even during the negotiations of the Pact, the Czech government was aware that the vaguely delimited concept lacked the preconditions to become a base for strengthened integration of a closer group of states (see Government of the CR 2011d). This was soon confirmed, and the document became nothing but an empty sheet of paper.

The essentially positive attitude of the Prime Minister towards the Euro Plus Pact corresponded with the conciliatory stance to the German-French idea of the so-called “*European Economic Government*” which was an alternative to the concept of *Economic Governance* promoted by the Commission. Whereas the Czech Finance Minister heavily criticised this idea (Kalousek 2011: 15), Prime Minister Nečas was – in spite of his initial reservations – more forthcoming and repeatedly stressed at meetings with his EU counterparts that he preferred the idea of *Economic Government* to the concept proposed by the Commission. This was at the same time an expression of preference for intergovernmental cooperation among capitals, with the dominant role of the European Council. In March 2011, the government stated that in

economic coordination of the EU “the vital role ... should be played by the institutions of intergovernmental cooperation, acting based on the principle of political decision making, such as the European Council, and not by the institutions of an administrative nature” (Government of the CR 2011a: 10). By this statement the government *de facto* took the side of the concept of Economic Government.

In autumn 2011, after the increasingly apparent failure of the Euro Plus Pact, France and Germany proposed a change to the primary law (based on the concept of the Economic Government) in order to adopt automatic sanctions for states failing to comply with budgetary discipline. Although these changes went far beyond the legislation of the Six-Pack and Two-Pack, the Czech government supported their intention. With such a supportive position, the government was in the minority during the negotiations before the December summit as many other states took a positive view on the ideas of Paris and Berlin (see e.g. Juncker 2011). Before the summit, the Czech Prime Minister explicitly acknowledged the French-German proposals (Nečas 2011). Although the retrospective interpretation, frequent not only in the political-media discourse, but also in some scholarly works, says that the states of the Eurozone, led by Germany and France, decided to sign a special international agreement only after the United Kingdom and Czech Republic had blocked the change of the primary law (comp. Lequesne 2016: 55; Curtin 2014: 19), the reality was substantially different. The change of the primary law was eventually blocked only by the United Kingdom, which conditioned such revision by its own demands for changes in the financial law; these changes were unacceptable in particular for France. At the December meeting of the European Council, immediately after the failure of the proposal to revise the primary law, the Eurozone members decided to start the preparation of a new international agreement, the future Fiscal Compact. It was only after the finalisation of the draft agreement at the next European Council in January 2013 that the Czech Prime Minister refused to make a political commitment to sign the text. While the reason for the absence of the United Kingdom was the principled opposition to the whole idea of the Pact, the Czech government argued that the agreement was designated only for the Eurozone and that its (non)ratification by a non-Eurozone

member would not change anything (apart from that, the Czech cabinet had also partial objections to the content, especially to the principle of reverse majority voting, creating a “voting cartel” in the Council from signatory parties, and the concept of a “Euro Council”). The government thus took a stance that was logically consistent with the one it took in the case of the Euro Plus Pact: the Fiscal Compact is an instrument useful for the Eurozone, but rather irrelevant for non-members, as long as they do not share the common currency and the need for a common economic and fiscal policy.

The fact that the Czech government did not join either the Euro Plus Pact or the Fiscal Compact cannot be viewed as a proof that the Czech cabinet was opposed to the efforts of the Eurozone to intensify economic integration. The political debates and academic reflections often overlook that the government clearly distinguished between the actions appropriate for the Eurozone and the actions appropriate for the EU as a whole. The Czech Prime Minister never questioned the benefits of both Pacts for the countries of the monetary union. He also clearly declared that the Eurozone needed deeper economic integration. He thus on the one hand supported adoption of specific measures for this deepening, and on the other hand he did not agree with Czech participation on such measures. As already noted, although not willing to join them, the government insisted on the support of both Pacts. What was perceived as an inconsistent attitude was in fact a logical consequence of the fact that the Czech government accepted the multi-speed integration as a natural evolution. Prague simply held that not everything which was good for the currency union was necessarily good also for the whole EU. In this regard, the positions of the government were in full compliance with German politics for which it was crucial to enforce the new fiscal coordination instruments on the level of the Eurozone. And it was exactly in this objective that the German position was explicitly supported by the Czech government at all meetings.

The manifestation of the close coordination of Prague and Berlin on the key issues discussed in the European Council was the formation of an informal working and political level communication platform between the Czech Office of the Government and the German Chancel-

lery. In the framework of this platform, regular bilateral videoconferences and teleconferences before all meetings of the European Council and also regular working consultations in Prague and Berlin were held. While in Germany such an institutional-coordination framework was not out of the ordinary, in the Czech environment it could be compared only to the way the positions of the Visegrad group were coordinated.

#### 4.2.2 EU budget negotiations in 2010–2013

Another example demonstrating the change in the position of the CR which led to a strong convergence of Czech and German interests was the negotiation of the “Multiannual Financial Framework for 2014–2020”. The negotiations themselves took place 2010–2013. While in previous years the Czech government stood clearly on the side of the net beneficiaries from the European budget, and thus for a long time promoted its increase, now it took a significantly more cautious stance, taking into account the long-range likelihood to become a net contributor in the future and also the effort to promote savings in Common Agriculture Policy (CAP). Although remaining a member of the so-called group of cohesion countries (a group of net beneficiaries), the Czech Republic also entered a likeminded coalition of the so-called “friends of better spending” in January 2012, a group of countries promoting larger savings in the budget.<sup>2</sup> Here, Prague found itself in the company of Berlin, which cared a great deal for the presence of Czech cabinet. In this group, there were quite different ideas about the areas where cuts could be made. One part of members supported the preservation of a strong agricultural policy (France); another part called for cuts in all areas (Netherlands, Sweden, and United Kingdom). The Czech Republic preferred a decrease in agricultural expenditures and preservation of cohesion policy spending. This later position was quite similar to the German one, which was much more moderate than the radical stance of north-western “hawks” but at the same time, rather cautious about the French insistence on a strong CAP. It can be even

<sup>2</sup> Before the joining of the Czech Republic, the members of this group were Austria, Germany, Denmark, Sweden, France, the Netherlands and Great Britain.

stated that, from the whole EU, Prague's views on the future of the EU budget were shared most closely with Berlin and Copenhagen. One manifestation of the mutual close cooperation between Prague and Berlin was the formation of the bilateral working group between the German Ministry of Foreign Affairs and the Office of the Government of the Czech Republic in 2012 which consulted on a daily basis their positions on many technical issues of the EU budget.

This convergence between Prague and Berlin was perceived adversely by several "cohesion" countries, in particular by Poland which positioned itself as an informal leader of the whole group of net beneficiaries. The overly "pro-German" policy of the Czech cabinet was therefore repeatedly criticised by Polish partners. This policy met with criticism also on the domestic scene. It was no secret that the position of the government was adopted on the basis of a proposal made by the Finance Minister and the Prime Minister against the will of the Ministry of Regional Development and the Ministry of Foreign Affairs. Similarly, some media outlets, sometimes informed by officials from "resisting" ministries, pointed out the alleged discrepancy between the effort to preserve the highest possible expenses for the cohesion policy and at the same time to reduce the expenses for other budgetary areas (Euractiv 2012). The media also warned that the government, with its tendency to support Germany, will eventually "also deprive the domestic regions of the subsidies from Brussels" (Šafaříková 2012). However, if we take into the consideration the original budget proposal made by the Commission and the positive impact of savings on the reduction of Czech financial contributions, the final result of negotiations was clearly positive for Prague. The partnership between Berlin and Prague paid off: only thanks to the urgent German intervention to the President of the European Council, literally at the last minute, the money in the Czech envelope was increased by several billion euros.

#### 4.2.3 Sectoral affairs

While we can speak about significant warming of the Czech-German relations regarding the key economic issues at the level of the European Council in the first half of the decade, in the field of sectoral policies

the approach determined by the interests specific for the given area continued to predominate. It has to be emphasised that while the Czech Republic is careful to coordinate governmental policy internally and thus assure the adoption of common positions on all EU issues, in Germany, the positions represented in the COREPER and the Council are normally only prepared and adopted by the relevant ministry without being approved or even discussed by the cabinet. Occasionally, an issue is so important that the Chancellery itself takes over the responsibility for it, and it is considered a *Chefsache*, or an executive matter. For this reason, it happens quite often that the attitudes of the individual German ministries are not mutually compatible. Therefore, we can often speak about the relation of the Czech government to one specific actor in German politics rather than to the German cabinet as a whole. One example is the previously mentioned issue of the Multiannual Financial Framework, where the main allies of the Czech Republic were the federal states (especially Bavaria and Saxony), which pressed the federal government to support higher spending on cohesion policy, as well as the Federal Ministry for Economics and Technology. The Czech government often received information from these partners about their conflicts with the Federal Ministry of Finance and the Federal Foreign Office. Another example is the EU Emission Trading System. In 2012, the Federal Minister of the Environment sent her European counterparts, including the Czech one, an urgent letter asking them to support her in the Council of the EU on the so-called "set-aside" principle in the system of emission allowances (which would exclude some emission allowances from the market and return them in a later period in order to increase the CO<sub>2</sub> price). At the same time, the Federal Vice-Chancellor and Minister of Economics Rössler tried to convince Prime Minister Nečas (and his counterparts in other EU states) that it is necessary to reject the proposal.

Czech and German positions in the Council of the EU and the European Council converged (as already indicated) in topics related to the EU budget and to the solution of the economic and financial crisis. Frequent clichés resonating not only in the media but also in academia about how Germany turned away from the "Euro-sceptic" Czech government and preferred to cooperate with "Euro-optimist" Poland

(Handl 2014) simply do not hold up when confronted with reality. It has become obvious that the cooperation on specific issues of the European politics has depended more on the confluence of interests in the specific field than on a government's general ideological position regarding the future of the European integration. Indeed, as we will see further, the Czech-German cooperation in fact cooled rather than warmed after 2014, even though a new "pro-European" government was elected in the CR and the general attitudes of both countries towards European integration became closer. In the sectoral affairs, it is possible to identify several areas where the Czech and German interests in the EU overlapped. A high level of concurrence arose in relation to the aforementioned EU budget (where the Social Democratic opposition criticised the conservative government for its overly accommodating attitude to Germany). Incidentally, Tusk's Poland – supposedly "pro-European" – was in this case the principal opponent of Germany. The same applies to the questions of renewable energy sources and energy efficiency, where Poland, to the great disapproval of Berlin, has vetoed key conclusions of the Council several times in recent years. Although the Czech government did not always hold the same position as Germany in this context, there was nonetheless a significantly higher level of convergence. Similarly, in the case of the banking union, the fiscal capacity of the Eurozone, the fiscal backstop, the reduction of risks in the banking sector and the European Deposit Insurance Scheme, the Czech and German government took virtually identical stances in the Council.

As stated above, the mere confluence of interests is not a sufficient prerequisite for a closer cooperation. If both countries are part of a large coalition of like-minded countries, the bilateral relation at the level of EU fora itself is rather less important and is usually limited to moves that aim to ensure a sufficient number of members of the coalition or to maintain the blocking minority. Given the fact that the *spiritus agens* of such a coalition is usually a rather big EU country, the active player was always rather Germany than the Czech Republic in such situations. Intense bilateral communication and coordination of the negotiation strategy happens more often in the cases when both states are rather alone in their positions. This situation occurred when

the new anti-discrimination directive was refused only by Germany and the Czech Republic while other EU members supported it (Prague changed its attitude only after the new government took office in 2014). However, there are just a few examples of such situations.

Besides the areas of mutual cooperation, relations between Prague and Berlin in EU matters are also influenced by the issues where different opinions prevail. The number and intensity of such issues paradoxically grew after the new left-wing government of Bohuslav Sobotka took office. However, the cause consisted rather in the simultaneity of several factors and events than in the appearance of the new government. The relative cooling of relations between Prague and Berlin at the EU level manifested itself especially in three areas: energy, labour mobility and migration.

In the case of the energy policy the alienation already began in 2011 due to the *Energiewende* in Germany and the decision to gradually shut down nuclear power plants. By this move, Germany joined the anti-nuclear camp of European countries, traditionally led by Austria. In the negotiations about the transition to a low-carbon economy, in which Prague, together with Paris and other states, strived to achieve recognition of nuclear energy as an important and effective carbon-free energy source, Germany held significantly different attitudes; however, both countries (unlike, for example, Poland) generally agreed on the principle of decarbonisation as such. Apart from this, the *Energiewende* affected also the load capacity of the Czech transfer grid. In central Germany there is not a sufficient, high capacity network of electricity grids available to transfer the electricity produced in northern Germany by wind power plants to the industrial areas in the south. Therefore, this energy has flowed through the electricity grids of neighbouring states, which in turn run the risk of overloading and blackouts. First, the Czech government considered asking German producers to pay additional fees for using the Czech networks and held several negotiations with Germany about this issue (Janzer 2013). After this option failed, in 2015 the Czech transmission operator (ČEPS) with the support of the government proceeded to construct a phase-shifter which would allow, in case of need, to stop the energy inflows from abroad. However, this would increase the risk of blackout in Germany. For this reason, this

decision was not particularly welcomed in Germany, even if the official position of the German federal government was rather moderate, as already in the case of the construction of a phase-shifter in Poland (see Bundesregierung 2012; Uken 2011; Schweinfurt 2015).

The labour mobility has become a second complicated issue affecting mutual relations on the EU level in recent years. As stated above, until 2010, Germany applied a transition period to open its labour market to workers from the new EU Member States. After this period, Germany became an ally of countries trying to limit the inflow of a cheap work force from these countries through legislative measures on both the national and the EU level. Due to the economic crisis during the recent years, this issue has continued to gain importance in the national political contests in many EU countries, and Germany was no exception. Berlin, together with Paris, sided with the advocates of the revision of the directive on posting of workers.<sup>3</sup> In 2015, Berlin also introduced a controversial minimal wage, based on the principle of the local usual wage, which has also been applied to workers coming from other countries to stay on the territory of Germany only for a short period. This move aroused outrage among the Central and Eastern European countries, including Prague. The Czech government officially expressed the opinion that the German minimal wage was in the current form illegal and publicly complained that “the existing information from German colleagues regarding the extent of the application of the law and the way of its enforcement are to a certain extent unclear and incomplete.” (Ministry of Labour and Social Affairs 2015). The Czech government also joined the demand of many states to review the compliance of the German law with EU law.

Of course, the most complicated and most dividing issue of the Czech-German relations in the history of their common membership

<sup>3</sup> This proposal was published no earlier than 2016, although the issue has bounced around European political debate already for many years. In 2014 despite the discontent of many Central and Eastern European states, the EP and the Council adopted Directive 2014/67/EU, on enforcing the directive on posting of workers, which had already contained many provisions making the previous very liberal rules of posting stricter.

in the EU became the migration crisis, in particular from the moment when in September 2015 Chancellor Merkel defined a policy of open doors for migrants from Syria. Her decision was immediately sharply criticised by all states of the Visegrad Four. Although Czech Prime Minister Sobotka stood relatively aloof from this criticism and – unlike his Hungarian and Slovak counterparts – avoided fiery public statements, the Czech government shared fully the attitudes of its Visegrad partners. While Germany became the main advocate of the system of a binding quota for the relocation of asylum seekers and immigrants, the members of the Visegrad group refused all proposals going in this direction; this led to a very stormy atmosphere both in the meetings of the Council of the EU (and the European Council) and in the media-political debate. Although, on the one hand, the situation led to the unprecedented unity of the Visegrad group, on the other hand, it considerably chilled the relations of all involved countries with Germany. It is an interesting paradox that on the same day when – on the occasion of the anniversary of the reunification of Germany – the Czech Prime Minister repeated the almost obligatory cliché on how “today the Czech-German relations are the best in our modern history” (Sobotka 2015c), Czech journalists wrote the exact opposite: “Czech-German relations are the worst they’ve been in 20 years” (Housková 2015). According to the media, the German Chancellor even refused to answer the Prime Minister’s phone calls (which was promptly denied by the Office of the Government: see Úřad vlády 2015c). In this situation, the Czech government initiated the creation of a joint Czech-German working group led by former Prime Minister Vladimír Špidla to deal with the issue of the migration crisis. The leader of the German part of the group was Michael Roth, the Minister of State for Europe at the German Federal Foreign Office. However, so far there have been no results from this group.

No matter how much these issues have affected the image of Czech-German relationship in the media, their real impact on this relationship should not be overestimated. I already said that different opinions between governments on the long-term future of the European integration in the previous years did not hinder – despite the popular political and media clichés – the pragmatic mutual cooperation in

areas of common interest of both countries. In the same way, the new points of friction in some areas do not necessarily hinder bilateral cooperation in other EU issues. However, they indisputably do represent a limiting factor.

### 4.3 Conclusion

The accession of the Czech Republic to the European Union changed the shape of the Czech-German relations when the primarily bilateral relationship was incorporated into the multilateral framework of a supranational organization. However, within this supranational community, the bilateral interstate relations have continued to further play an important role, which has even increased during the euro crisis due to the strengthening of the role of states as actors in supranational decision making. Nowadays, the decision-making process in the European Union is unimaginable without intensive negotiation between Member States ahead of every Council of the EU and European Council meeting. In this context, the relationship between Prague and Berlin can be considered – rather from the point of view of Prague, of course – as quite intensive. This intensity results naturally both from the geographical, historical and cultural closeness of both states and from their mutual economic interconnection. In comparison with the Czech Republic's relationships with other large countries of the Union as well as with old Member States, the level of contacts of Prague with Germany is in the long-term probably the most intensive. This applies even to the era of conservative governments in Prague, despite the frequent cliché about the focus of Prague on London during that time. However, the Czech-German relationship in the EU was from the beginning rather asymmetric: while for Prague, Berlin is a substantial and important partner whose support is highly valued, for Berlin this applies only to a limited extent, in particular in the cases when both states share an interest alone or nearly alone.

Despite the relative intensity of the contacts between the Czech Republic and Germany, in comparison with the networks and forms of cooperation existing among the old EU Member States with their long

experience of EU membership and intra-EU negotiations, the potential for mutual cooperation between Prague and Berlin on European issues should not be overestimated. The heavy dependence of the Czech economy on Germany has not led to a strong convergence of opinions, as perhaps could have been expected. In addition to that, in many sectoral policies, the interests of both countries are quite different; this is the case of issues related to labour mobility or energy policy. Moreover, when the interests of both states are similar, but shared with many other countries, the Czech-German dimension does not play any important role. The most intensive convergence and cooperation occurred after 2009 during the euro crisis, when the Czech conservative government supported Germany's strict austerity-oriented policy in issues of EU fiscal coordination and oversight as well as the EU budget. During the recent years, the convergence of interests of both countries has rather drifted apart, in particular as a consequence of the German protectionism in relation to free movement of workers and also due to diametrically different opinions on the migration crisis. This chilling of relations at the same time correlated with significant intensification of the relations among the states of the Visegrad group. It seems that in the Central-European cultural area, the common heritage of the recent past and the mentality resulting from this heritage is still a more important factor for convergence of national interests than objective economic interconnectedness is.