

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics



Master's Thesis

**The Czech Presidency of the EU 2022 with a Focus on
EU Deforestation Regulation 2023/1115**

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DIPLOMA THESIS ASSIGNMENT

Bc. Natálie Mestlová

European Agrarian Diplomacy

Thesis title

The Czech Presidency of the EU 2022 with a Focus on Agricultural Policy

Objectives of thesis

The goal of the diploma thesis "The Czech Presidency of the EU 2022 with a Focus on EU Deforestation Regulation 2023/1115" is to evaluate the course of the historically second Czech Presidency, which took place from 1. of July to 31. of January 2022 with a focus on agriculture policy.

The first aim of the thesis is to explain all concepts, describe the historical events that led to the founding of the EU, explain the tasks of individual EU institutions and compare the Presidency in 2009 with the Presidency in 2022.

The second task will cover all the details of the Presidency in the field of agriculture, specifically Regulation (EU) 2023/1115 of the European Parliament and of the Council, which was approved during the Czech Presidency in 2022, which the author of this thesis was part of thanks to the internship she completed.

Methodology

The theoretical part will be devoted to a general description of the European Union, its history and its presidency. Furthermore, the theoretical part will focus on the description of the individual EU institutions and their activities and the theoretical part will conclude with a comparison of the first Czech Presidency in 2009 with the second Czech Presidency in 2022.

The practical part will focus only on the 2022 Presidency and will deal in detail with the Commission's proposal on deforestation. In the practical part, the author used interviews with experts who, from the position of the EU Council, were involved in the negotiation and final approval of EU Deforestation Regulation 2023/1115. After the interviews, the practical part describes the compromise text and the next steps leading to the final implementation of the new Regulation.

The proposed extent of the thesis

60-80 pages

Keywords

Presidency, Czech Presidency 2022, EU Institutions, European Union, Negotiation, Agriculture, Green Deal, Deforestation, Economics and Environment, Trilogue

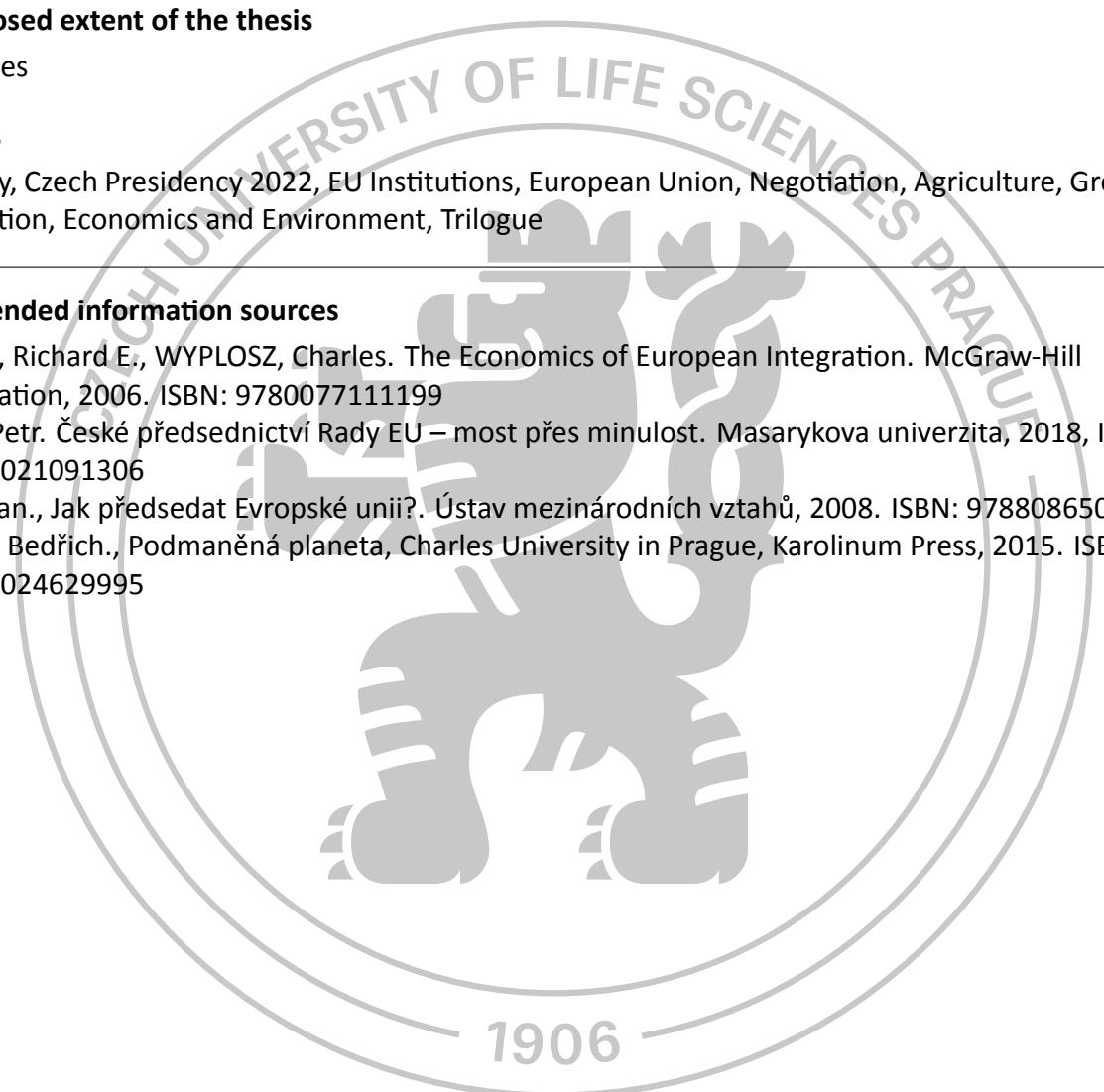
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Declaration

I declare that I have worked on my master's thesis titled "The Czech Presidency of the EU 2022 with a Focus on EU Deforestation Regulation 2023/1115" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the master's thesis, I declare that the thesis does not break any copyrights.

In Prague on 31.3.2024

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I would like to thank doc. Ing. Karel Tomšík, Ph.D. and all other persons, for their advice and support during my work on this thesis.

The Czech Presidency of the EU 2022 with a Focus on EU Deforestation Regulation 2023/1115

Abstract

This diploma thesis focuses on the analysis of the Czech Presidency of the Council of the EU, which took place in 2022. The thesis specifically focuses on the issue of deforestation and forest degradation, in which the author had the opportunity to actively participate during his internship during the Presidency.

The thesis begins with a chapter that is focused on history of the European Union, in which the author describes the historical developments and events that led to the establishment of the EU. Next, the author discusses basic concepts related to the EU and the EU Council Presidency, thus trying to outline the functioning of the EU for the reader. In the theoretical part, the author also discusses the first Czech Presidency in 2009 together with the second Czech Presidency, which took place in 2022, and also a comparison of the two Presidencies is made.

During the internship, the author had the opportunity to participate in CZ PRES 2022, specifically in the draft regulation on deforestation. Thanks to this opportunity, the author worked with diplomats and renowned experts in the field who participated in the drafting of the proposal and contributed significantly to its approval. In the practical part, the author has addressed the main topic of this thesis, namely deforestation and forest degradation, which was one of the priorities of the Czech Presidency of the Agriculture and Fisheries Council (AGRIFISH).

Therefore, the author used the acquired experience and contacts in the practical part of the thesis, where she focused on experts who were actively involved in the Czech Presidency and thanks to whom the deforestation proposal was finally approved, through a questionnaire survey and interviews.

Keywords: Presidency, Czech Presidency 2022, EU Institutions, European Union, Negotiation, Agriculture, Green Deal, Deforestation, Economics and Environment, Trilogue

České předsednictví 2022 se zaměřením na nařízení Evropského parlamentu a Rady (EU) o odlesňování 2023/1115

Abstrakt

Tato diplomová práce se zaměřuje na analýzu českého předsednictví v Radě EU, které proběhlo v roce 2022. Práce se konkrétně zaměřuje na problematiku odlesňování a degradace lesů, na které měl autor možnost se aktivně podílet během své stáže v době předsednictví.

Práce začíná kapitolou, která je zaměřena na historii Evropské unie, ve které autorka popisuje historický vývoj a události, které vedly ke vzniku EU. Dále autorka vysvětluje základní pojmy související s EU a předsednictvím v Radě EU, čímž se snaží čtenáři nastínit fungování EU. V teoretické části se také autorka věnuje prvnímu českému předsednictví v roce 2009 spolu s druhým českým předsednictvím, které se uskutečnilo v roce 2022, a rovněž je provedeno porovnání obou předsednictví.

Během stáže měla autorka možnost podílet se na CZ PRES 2022, konkrétně na návrhu nařízení o odlesňování. Díky této příležitosti autorka spolupracovala s diplomaty a renomovanými odborníky v dané oblasti, kteří se aktivně podíleli na návrhu o odlesňování a významně přispěli k jeho schválení. V praktické části se autorka věnuje hlavnímu tématu této práce, a to je odlesňování a degradace lesů, které bylo jednou z priorit českého předsednictví v Radě pro zemědělství a rybářství (AGRIFISH).

Získané zkušenosti a kontakty autorka využila v praktické části práce, kde se v rámci dotazníkového šetření a rozhovorů zaměřila na odborníky, kteří se aktivně podíleli na průběhu českého předsednictví a díky nimž byl návrh na odlesnění nakonec schválen.

Klíčová slova: Předsednictví, české předsednictví 2022, instituce EU, Evropská unie, vyjednávání, zemědělství, Zelená dohoda, odlesňování, ekonomika a životní prostředí, dialog

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1. Objectives and Methodology

1.1. Objectives

In this thesis, the author will deal with the topic of the EU Council Presidency. The aim of the thesis is to analyse the tasks of the Presidency, their importance for the development of the EU, to evaluate the Czech Presidency and a detailed analysis of the Agrifish Council, specifically the discussion on deforestation and forest degradation.

The work will be based on the analysis of documents and practice during the Presidency. In the practical part of this thesis, interviews with experts and people involved in the Presidency will also be used for the overall analysis.

1.2. Methodology

This thesis was written by the author who actively participated in the Czech Presidency in 2022 during an eight-month internship. The thesis author worked on a regulation on deforestation and forest degradation, so this thesis will focus on this topic in detail.

In the theoretical part, the author described and explained the basic concepts necessary to understand the functioning of the EU and the Presidency. The introduction was followed by a chapter on the history and origins of the EU. This chapter described the agreements and treaties that have shaped the EU and made the EU and the Presidency what we know it to be today.

The next chapter was devoted to the EU institutions. The author described several main EU institutions, which are crucial for the proper functioning of the EU and what their functions are.

After this chapter, the author focused on the economy and the environment. In several subchapters, the author showed us that these seemingly very different topics are related. This chapter is followed by the chapter Theory of Externalities, in which the author explains this theory and outlines the differences between positive and negative externalities. The author uses an illustrative example in the area of deforestation to explain these concepts, which is also the main topic of the practical part of this thesis. After the explanation of the basic concepts of the Theory of Externalities, the reader learns through the author's explanation that positive externalities include for example the expansion of agricultural land, given that

deforestation can free up land for agricultural production or for example even wood extraction, which allows subsequent further use of materials such as the production of building materials, furniture and paper. Negative externalities include, on the other hand, loss of natural habitats, climate change and threatens biodiversity.

For the overall context of this thesis it was important to include a chapter on European integration, which describes how and why European integration came into being. The importance and role of the Presidency has already been mentioned in this chapter and is continued in the subsequent chapter “Tasks and competences of the Presidency“. As the title suggests, this chapter focuses on the tasks and powers of the Presidency and what powers the Presidency actually has. The chapter includes a brief introduction to the history of the Presidency and the events and agreements that have shaped the Presidency. After the author of the thesis explained the concept of the Presidency, it was necessary to look at the history of the Czech Presidency. The Czech Republic held the Presidency of the Council of the EU for the first time from 1 January 2009 to 31 June 2009. This chapter describes the main priorities of the Presidency, the successes and failures, the circumstances under which the government of Mirek Topolánek fell, and how this situation affected the Czech Presidency. Following on from the Czech Presidency in 2009, there is also a chapter on the second Czech Presidency in 2022. The main priorities are described and the author outlines the main topic that she discusses in detail in the practical part, namely the Agriculture Council, specifically the discussion on deforestation and forest degradation, which was the main topic during CZ PRES 2022 and which the author of this thesis had the opportunity to participate in during her internship. The main objective of this thesis was to evaluate CZ PRES 2022 and to provide a detailed analysis with interesting statements on deforestation and forest degradation.

2. Introduction

The Presidency of the Council of the EU is a very important function for the functioning and development of the European Union as a whole. It is a very complex and difficult process that each member state takes very seriously and works hard during the EU Council Presidency in order to achieve a better future for the EU. Member states take turns to hold the Presidency of the EU Council every six months. The Czech Republic has held the Presidency of the EU Council twice and this thesis will focus on the second Presidency, which took place in the second half of 2022, specifically the European Parliament and Council (EU) Regulation on Deforestation 2023/1115.

According to available data, EU consumption accounts for approximately 10 % of global deforestation. The new deforestation regulation seeks to reduce this figure through several instruments, which are discussed in detail in this thesis.

2.1. Representing the Council towards other EU Institutions

The Presidency represents the Council in its relations with the other EU institutions, in particular the European Commission and the European Parliament. Its duty is to negotiate consensus on the Commission's proposed laws.

The Presidency represents the Council in its relations with other EU institutions, in particular the Commission and the European Parliament. It seeks agreement on the Commission's legislative proposals through trilogues, informal negotiations and meetings of the Conciliation Committee. The Presidency also works closely with other EU institutions, in particular the President of the European Council and the High Representative of the Union for Foreign Affairs and Security Policy. This cooperation is essential to ensure the smooth running of the Council's work and to promote its priorities.

- *Consilium Europa [online]. [cit. 31.12.2023]. Available from: <https://www.consilium.europa.eu/en/council-eu/presidency-council-eu/>*

2.2. History and origins of the Presidency

The Presidency of the Council of the European Union was created in 1958 when the European Economic Community (EEC) was founded. The six founding member states of the EEC were Belgium, France, Germany, Italy, Luxembourg and the Netherlands.

At that time, the Presidency was a relatively simple office, tasked with managing the Council's meetings and coordinating its work. At that time, the Council was responsible for the adoption of EEC legislation, including customs tariffs, agricultural policy and competition policy.

The Presidency rotates on a six-month basis. Each Member State holds the Presidency of the Council of the EU for six months, ensuring that all Member States participate equally in the governance of the EEC.

The first Presidency of the EEC was assigned to Belgium. Belgium presided over the Council from 1 January to 30 June 1958. During its Presidency, Belgium started work on several key pieces of EEC legislation, including the customs union and agricultural policy.

Today's European Union is based on two main treaties: the treaty governing the first pillar, the Treaty establishing the European Community (TEC/Treaty of Rome), and the treaty establishing the three-pillar structure, the Treaty establishing the European Union (TEU/Maastricht Agreement).

- *The Economics of European Integration, Richard E. Baldwin, Charles Wyplosz, year 2006, page 71*

As the EEC expanded to include new Member States, the Council's workload grew. This has made the Presidency a more complex and demanding office.

In 1967, after the signing of the Merger Treaty, the Presidency was extended with new powers, including responsibility for preparing the European Council meetings. The European Council is the EU's top political institution, meeting twice a year.

In 1993, after the signing of the Maastricht Treaty, the Presidency was further reformed. A new three-person rotating Presidency was introduced to improve coordination between the presidencies.

Today, the Presidency is an important tool for promoting the interests of the Member States and for the development of European integration. The Presidency is responsible for ensuring the smooth running of the Council's work, coordinating its activities and promoting its priorities.

2.3. Treaty of Rome

The Treaties of Rome are the founding documents of the European Union, which have had a significant impact on the development of Europe, ensuring peace and stability in Europe and helping to develop the European economy. The Treaties of Rome also contributed to the strengthening of democracy and human rights in Europe and set out the aims and principles of the European Communities, which later became the European Union.

Two treaties were signed on 25 March 1957 - the Treaty establishing the European Economic Community (EEC) and the Treaty establishing the European Atomic Energy Community (EAEC or Euratom). For both new Communities, decisions were taken by the Council on a proposal from the Commission.

- *European Parliament, Treaty of Rome [online]. Available from:*

<https://www.europarl.europa.eu/about-parliament/en/in-the-past/the-parliament-and-the-treaties/treaty-of-rome>

The EEC and Euratom Treaties were established by six countries - Belgium, France, Germany, Italy, Luxembourg and the Netherlands - and entered into force on 1 January 1958.

The main objectives of the EEC were to create a common market in which goods, services, capital and people could flow freely. On the other hand, Euratom had as its main objective the development and use of atomic energy for peaceful purposes.

The Treaties of Rome established several fundamental principles on which the European Union is based. These principles include: freedom of free movement of goods, services, capital and people: This principle states that goods, services, capital and people can flow freely between the member states of the European Union.

Subsidiarity principle: This principle states that if a matter can be dealt with at a lower level, it should be. In the case of the European Union, this means that if a matter can be dealt with at Member State level, it should be.

Proportionality principle: This principle states that measures taken by the European Union must be proportionate to the objectives they pursue. This means that the measures must be necessary to achieve the objective in question and must not be excessive.

It laid out virtually every aspect of the economic integration that Europe has implemented right up to the 1992 Maastricht Treaty (which added the goal of a single currency to the economic integration plan).

The Treaty of Rome took 9 months. The particular problem in 1957 was the staunch opposition of Charles de Gaulle to supranationality. De Gaulle was not in power when the Treaty was signed but France was in the midst of a political crisis and many believed that De Gaulle would return to power and kill the European project. In the rush to get the ratification process completed under a favourable French government, the signing ceremony in Rome was scheduled even before the agreement was fully fleshed out (e.g. additional Protocols were signed in April 1957).

- *The Economics of European Integration, Richard E. Baldwin, Charles Wyplosz, year 2022, page 45*

The Treaties of Rome have been amended several times. The most significant changes came in 1992 with the Maastricht Treaty, which created the European Union. The Maastricht Treaty extended the powers of the European Communities and introduced new institutions such as the European Parliament and the European Council.

Further significant changes came in 2007 with the Lisbon Treaty. The Lisbon Treaty introduced a number of changes to the way the European Union works, including changing its name to the European Union, strengthening the powers of the European Parliament and

introducing a veto right for small member states in some decisions of the Council of the European Union.

2.4. Maastricht Agreement

The Maastricht Agreement, officially the Treaty on European Union, is signed on 7 February 1992 in Maastricht, the Netherlands. It was the result of two years of negotiations between the member states of the European Communities (EC). The Maastricht Agreement entered into force on 1 November 1993 and marked a significant step in the process of European integration.

The main objective of the Maastricht Agreement was to create a European Union that would be stronger and more effective than the existing European Communities. The agreement also set out objectives for further integration, such as the establishment of a common currency, a common foreign and security policy and cooperation in the field of justice and home affairs.

The Maastricht Agreement brought a number of significant changes to the structure and functioning of the European Communities. Among the most significant changes is the creation of the EU as a new legal entity to replace the existing European Communities.

The Maastricht Agreement created the European Union as a new legal entity replacing the existing European Communities. The European Union is based on three pillars:

1. pillar: includes the European Communities, which are concerned with economic and social integration
2. pillar: includes the common foreign and security policy
3. pillar: includes cooperation in the field of justice and home affairs

Another change brought about by the Maastricht Agreement was the introduction of the common currency (EURO), which was first issued in 1999 and is now the common currency of 19 EU member states. The Maastricht Agreement also strengthened the powers of the European Parliament in the area of the Common Foreign and Security Policy. The Parliament now has the right to approve joint action plans in this area. Finally, the agreement

brought about a change in the extension of cooperation in the area of justice and home affairs. In this area, a common visa policy, a common police force and a common system of asylum law have been introduced.

2.5. Lisbon Treaty

The Treaty of Lisbon, formally the Treaty Reforming the Treaty on European Union and the Treaty establishing the European Community, was signed in Lisbon, Portugal, on 13 December 2007. The Treaty was the result of several years of negotiations between the Member States of the European Union (EU). The Treaty of Lisbon entered into force on 1 December 2009 and marked another important step in the process of European integration.

The main objective of the Lisbon Treaty was to reform the EU institutions and its functioning to make the Union more efficient and better prepared for the future. The agreement also set objectives for further integration, such as strengthening the EU's role in the world and protecting citizens' rights.

The Lisbon Treaty has brought a number of significant changes to the structure and functioning of the European Union. Among the most significant changes is the unification of the Treaty on European Union and the Treaty establishing the European Community. Furthermore, the Lisbon Treaty has strengthened the powers of the European Parliament in a number of areas, including the Common Foreign and Security Policy, the Common Agricultural Policy and the Common Commercial Policy. The Treaty also introduced the right of citizens' initiative, which allows EU citizens to initiate the legislative process at European level. Another change has been the strengthening of the role of the European Council, which is the EU's supreme body. The European Council now has greater powers and responsibility for the strategic direction of the EU. The Lisbon Treaty has introduced the post of permanent President of the European Council and the post of High Representative for Foreign Affairs and Security Policy. Another important change was the introduction of a new system of decision-making in the Council of Ministers, based on the principle of qualified majority. A qualified majority is achieved if at least 55 % of the Member States representing at least 65 % of the EU population vote in favour of a proposal. At the same

time, the Treaty created a new procedure for Member States to leave the EU, based on the principle of voluntariness and mutual respect.

2.6. Kyoto Protocol

The Kyoto Protocol is an international treaty to the United Nations Framework Convention on Climate Change. It was adopted at the Climate Change Conference in Kyoto, Japan, on 11 December 1997 and entered into force on 16 February 2005. The Protocol aims to reduce greenhouse gas emissions in industrialised countries and other developing countries (Annex I countries) by 5.2 % compared to 1990 levels. *Progress was made in 1997, when a protocol was signed in December in Kyoto, Japan, in which industrialized countries pledged to reduce greenhouse gas emissions by 5.2 % between 2008 and 2012 (average over this five-year period) compared to 1990. Percentage comparisons are different for individual states. The European Union (then 15) members as a whole (the so-called "bubble strategy", officially "joint burden sharing") committed to an 8 % reduction, the Czech Republic (independent of the EU commitment) also an 8 % reduction. Europe fulfilled its commitment, the Czech Republic significantly exceeded (a reduction of more than 20 %), but overall it was not fulfilled. The Kyoto Protocol is criticized as a completely inadequate instrument mainly for two reasons. The United States has not joined and it does not require any mitigation measures from developing countries including China, India, Brazil.*

- *Podmaněná planeta, Bedřich Moldan, 2015, page 281*

The Kyoto Protocol sets out commitments for each Annex I country, which are expressed in units of emission allowances. These allowances are allocated to individual countries on the basis of their historical emissions and their ability to reduce emissions. Annex I countries can reduce their greenhouse gas emissions in various ways, such as technological innovation, investment in renewable energy sources, energy efficiency improvements or forest planting.

If Annex I countries reduce their greenhouse gas emissions below the level of their allowances, they can sell these allowances to other Annex I countries. This emissions trading scheme is one of the main instruments of the Kyoto Protocol.

2.7. Paris Agreement

The Paris Agreement is an international treaty on climate change that was adopted at the Climate Change Conference in Paris, France, on 12 December 2015. The agreement entered into force on 4 November 2016, replacing the Kyoto Protocol, which was in force until 2020. The agreement aims to keep global average temperature rise well below 2 °C above pre-industrial levels and to aim to keep temperature rise to 1.5 °C. The agreement also sets targets for mitigating and adapting to climate change.

The Paris Agreement stipulates that all Parties have an obligation to contribute to efforts to keep global temperatures in check. Each Party sets its own Nationally Determined Contributions (NDCs), which determine how it will contribute to the Agreement's goals.

The Paris Agreement also established a global mitigation mechanism that allows Parties to work together to reduce greenhouse gas emissions. This mechanism includes the following instruments: International Emissions Trading, Direct Investment in Mitigation, Technology Cooperation.

3. EU Institutions

3.1. European Commission

The European Commission (EC) is the central institution of the European Union (EU), with key legislative, executive and representational functions. It is the executive arm of the EU, responsible for drafting and implementing EU legislation and is responsible for the day-to-day running of the Union. The EC is based in Brussels and has representation in all EU Member States. The EC has an undisputed influence on the running of the EU and covers a wide range of areas, from economic policy and the environment to education and culture.

The EC is made up of 27 Commissioners, one from each Member State. The EC is headed by a President, who is elected by the EP on the basis of a nomination by the European Council. Commissioners are nominated by national governments and approved by the European Parliament. The EC is based in Brussels and has representation in all EU Member States.

One of the most important functions of the EC is to propose new EU legislation. It is the only EU institution that can submit legislative proposals to the European Parliament (EP) and the EU Council. These proposals then go through the EU legislative process, which results in the adoption or rejection of the law in question. When proposing legislation, the EC is guided by 'subsidiarity', which states that the EU should only intervene in areas that cannot be dealt with more effectively at national level. The EC ensures that proposed legislation complies with the principles of subsidiarity and proportionality.

Another key role of the EC is to monitor Member States' compliance with the EU Treaties and secondary law (i.e. legislation adopted on the basis of the Treaties). If the EC finds a breach of EU law, it can initiate infringement proceedings. This involves formally asking the country to remedy the situation and, if unsuccessful, referring the case to the Court of Justice of the European Union (CJEU). The EC thus plays an important role in ensuring a single market and fair competition in the EU. It also protects the interests of EU citizens and strengthens respect for EU rules and values.

The EC also has executive powers to implement EU policies. It is responsible for adopting secondary legislation in the form of regulations and directives that complement and specify treaty provisions. It also coordinates and supervises the implementation of EU policies in the Member States.

The European Commission also plays a key role in the design and implementation of the EU budget. It is responsible for drafting the EU budget, the final version of which is approved by the EP and the EU Council. The EC also manages and controls EU budget spending and ensures that it is spent efficiently and transparently. The EC represents the EU externally in international organisations and at international conferences. In this respect, it negotiates and concludes international agreements on behalf of the EU and coordinates Member States' positions in international fora. This function of the EC strengthens the EU's united and coherent output on global issues and enables the EU to promote its interests and values at international level.

3.2. European Parliament

The European Parliament is the only directly elected institution of the European Union (EU), representing the interests of more than 450 million citizens. The EP is based in Strasbourg, Brussels and Luxembourg. Plenary sessions are held every month in Strasbourg, while committee work takes place in Brussels. The EP has a total of 20 standing committees, which focus on different areas of EU policy. Elections to the European Parliament take place every 5 years and the next European elections will take place from 6 to 9 June 2024, when citizens of the EU countries will elect their representatives to the European Parliament.

The EP, together with the Council of the EU, has 'co-decision' powers on legislation. This means that both institutions have to approve a bill to make it binding. The EP also has the power to propose amendments to the Commission's legislative proposals, as well as to supervise the work of the European Commission and check that it is fulfilling its tasks and complying with EU law. MEPs can interpellate the Commission and, in the event of serious misconduct, dismiss it.

Deputies form political groups to facilitate cooperation and coordination in the legislative process. One of the EP's main roles is to approve the EU's annual budget and to monitor how the money is spent. The EP also has the power to set up committees of inquiry to investigate possible irregularities in the EU's management.

3.3. European Council

The European Council (EC) is the supreme political body of the European Union (EU), which represents the interests of the Member States and sets the direction and priorities for the development of the Union. It is made up of the heads of state or government of the Member States and the president of the European Commission. The permanent President of the ER is currently former Belgian Prime Minister Charles Michel, who was re-elected for a second two-and-a-half-year term on 22 March 2022. He has served as President of the European Council since 1 December 2019.

The European Council sets the strategic direction of the EU and defines the long-term goals and priorities of the EU as a whole. At the same time, it reacts and deals with complex and controversial issues that affect the EU and cannot be resolved at a lower level, such as the EU's coordination and response to the COVID-19 pandemic in 2020. Other tasks of the European Council include the nomination and election of key officials, with the ER nominating the President of the European Commission and approving the entire Commission. It also nominates and elects the President of the European Central Bank and the President of the Council of the European Union.

The European Council (EC) meets at least twice every six months for summits, which provide a forum for discussing topical issues and adopting conclusions on the EU's strategic direction. These summits are held in Brussels, but may exceptionally take place in other Member States. Extraordinary summits are then convened in the event of urgent events requiring a rapid response at the highest level. The ER summits are chaired by a permanent President, currently Charles Michel, whose task is to steer the negotiations, seek consensus among member states and represent the EU externally at the highest level. The Permanent President is actively involved in the preparation of the summits, engaging with national leaders and working to build mutual trust and cooperation. The whole functioning of the ER is based on cooperation and mutual respect between the Member States of the European Union.

For the European Council, cooperation with the European Commission is crucial, especially in preparing the basis for negotiations. The European Commission submits proposals and

analyses on topical and strategic issues, thus facilitating and improving the decision-making process of the European Council. Decision-making in the EC is mainly based on consensus, which emphasises the effort to find common solutions and build unity among Member States. However, in specific areas such as foreign policy, a qualified majority is needed to adopt conclusions. This is calculated on the basis of a complex system that takes into account the population size and GDP of each country.

3.4. Council of the European Union

The Council of the European Union ("the Council") is one of the fundamental institutions of the European Union (EU), representing the interests of the Member States and playing a key role in the EU legislative process. The Council of Europe is often confused with the European Council, but the meaning and functions of these institutions are quite different. The Council of Europe was established in 1949 in Strasbourg, where it has its seat. The Council is made up of ministers from each Member State, who meet in configurations according to the departments in which the issues under discussion fall. For example, the Agriculture Council meets for agriculture, the Environment Council for the environment, etc. The Council is headed by a rotating Presidency of Member States, which changes every six months. The country holding the Presidency of the Council essentially steers the EU and its Member States by setting the agenda, proposing the topics to be discussed at the EU Council, setting the timeframe, analysing and collecting the views and positions of all Member States, trying to find a compromise and working towards the adoption of a proposal. The Council is the EU's main legislative body, together with the European Parliament. Together with the European Parliament, it approves the EU budget. Other main tasks of the EU Council include adopting EU legislation, coordinating Member States' policies in areas that fall within the EU's competence, approving and adopting key documents and strategies in the EU's common foreign and security policy, concluding international agreements with third countries and international organisations and, in some cases, adopting implementing acts. The Council's functions are legislative, budgetary and executive.

Council meetings are held at the level of ministers from each member state. The agenda for these meetings is prepared by the Committee of Permanent Representatives of the Member

States (COREPER). In addition to COREPER, more than 150 specialised working groups and committees are involved in preparing the agenda. The Council's standing committees are chaired by an appointed or elected chairman, while the committees and working groups set up by COREPER are chaired by the delegate of the country holding the Presidency. The way the Council votes varies according to the type of matter under discussion. The majority vote is by qualified majority, which requires the agreement of 55 % of the Member States, which also represent 65 % of the EU population. However, in some specific areas, such as taxation policy, unanimous agreement of all Member States is still required.

3.5. COREPER

COREPER is the Committee of Permanent Representatives, which plays a key role in preparing and coordinating the work of the Council of the European Union (the Council) and meets once a week. It is made up of the permanent representatives of the Member States to the EU, who are ambassadors with diplomatic status. COREPER does not have decision-making powers, but its task is to interpret the positions and opinions of member governments and to facilitate consensus in the Council. At the same time, it provides expertise and analysis for Council meetings. The Czech COREPER I and II during the Czech Presidency in 2022 were represented by ambassadors of the Permanent Representation of the Czech Republic to the EU. Ambassador Jaroslav Zajíček accepted this position for COREPER I and prepared Council meetings on Agriculture and Fisheries (AGRIFISH), Competitiveness (COMPET), Education, Youth, Culture and Sport (EYCA), Employment, Social Policy, Health and Consumer Affairs (EPSCO), Environment (ENVI), Transport, Telecommunications and Energy (TTE). For COREPER II, Ambassador and Head of Permanent Representation Edita Hrdá was responsible for Economic and Financial Affairs (ECOFIN); Foreign Affairs (FAC); General Affairs, (GAC); Justice and Home Affairs (JHA).

4. Economy and Environment

The economy and the environment are two interconnected systems. The economy depends on the environment to provide the resources and services that are essential for human development. However, the environment is also affected by economic activities that can have negative impacts on the environment, such as pollution, deforestation or climate change.

The economy is a system that produces goods and services that are necessary for human life. The environment is the system that provides the resources and services that are necessary for economic activity.

The economy depends on the environment in the following ways:

- Resources: the environment provides resources that are necessary for economic activity, such as land, water, forests, minerals, energy.
- Services: the environment provides services that are necessary for economic activity, such as clean air, water, fertile soil, climate regulation.

However, the environment is also affected by economic activity in the following ways:

- Pollution: economic activity can cause environmental pollution such as air, water, soil pollution.
- Deforestation: Economic activity can lead to deforestation, which can have negative environmental impacts such as loss of biodiversity, climate change.
- Climate change: Economic activity is one of the main causes of climate change.

4.1. Economic instruments for environmental protection

Economic instruments are tools that use economic principles to address environmental problems. Economic instruments for environmental protection include, for example, taxes and fees that can be used to internalise externalities, which are the negative environmental impacts of economic activity that are not included in market prices. Another tool is the

emissions market, which allows firms to trade emission allowances, a tool for reducing greenhouse gas emissions. And the last economic instrument for environmental protection is subsidies. Subsidies can be used to promote environmentally friendly technologies and activities.

4.2. Green Deal

Climate change and environmental degradation are an existential threat to Europe and the world. To overcome these challenges, the European Green Deal will transform the EU into a modern, resource-efficient and competitive economy.

- *European Commission [online]. Available from: https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en*

The Green Deal is a set of policy initiatives by the European Commission with the ultimate goal of making Europe climate neutral by 2050 which is part of the Paris Agreement. The Green Deal focuses on a number of areas, including energy, transport, industry and agriculture. It is a legally non-binding document created by the European Union and agreed by all Member States, including the Czech Republic. The Green Deal is not a law, but a framework agreement on what the EU should look like in the future - i.e. the EU wants to achieve carbon neutrality by 2050. The Green Deal is not just about climate and reducing CO₂ emissions. It has a total of 7 pillars (clean energy, sustainable mobility, renovation of buildings, decarbonisation of industry and circular economy, sustainable agriculture, protection of biodiversity and ecosystems, zero pollution). The Green Deal is a strategic document for achieving the goals, on which legally binding laws such as the European Climate Law or the Fit For 55 legislative package are based. The aim is to reduce EU CO₂ emissions by 55 % by 2030 compared to 1990. The Green Deal also takes finance into account. Each country has a different disposition to meet the targets and be climate neutral. A total of EUR 1 trillion is to be mobilised for the green transformation, of which EUR 530,000,000 is to come from the EU budget, to be distributed by the European Union among the Member States as needed, with the rest coming from national budgets or the private sector.

The Green Deal has several objectives. The Green Deal aims to reduce greenhouse gas emissions in Europe by 55 % by 2030 and to achieve climate neutrality by 2050. It also aims to protect Europe's environment, including improving air, water and soil quality, and has the potential to create millions of new jobs in Europe in renewable energy, energy efficiency and other green sectors.

4.2.1. Green Deal in Economics

The Green Deal plays a very important role in the European economy and has the potential to significantly influence it. The shift to a more sustainable economy may lead to new investment opportunities, with the Green Deal requiring new investments in renewable energy, energy efficiency and other green technologies. These investments can create new jobs and boost economic growth. At the same time, the Green Deal can create new opportunities for businesses in renewable energy, energy efficiency and other green sectors. These businesses can benefit from the growing demand for green products and services. At the same time, the Green Deal can create new challenges for some businesses that are dependent on fossil fuels. These businesses will have to invest in new technologies or adapt to new market conditions.

5. Theory of Externalities

An externality is an external effect that arises as a result of the economic activity of one entity and affects the costs or revenues of another entity without being compensated for it. In other words, externalities are effects that are transmitted from one party to another outside the market mechanism.

Externalities are divided into two main types – positive and negative. We can observe both positive and negative externalities in the deforestation proposal.

Positive externalities arise when the activity of one entity generates revenue for another entity. In the proposal on deforestation, one of the positive externalities is wood extraction. Deforestation enables the extraction of wood for various purposes such as the production of building materials, furniture and paper. Among the positive externalities we also include the expansion of agricultural land, given that deforestation can free up land for agricultural production.

Negative externalities arise when the activities of one entity impose costs on another entity. In the proposal on deforestation, we can include, for example, the loss of biodiversity in the negative externalities. Deforestation leads to the loss of natural habitats and threatens biodiversity. This has a negative impact on ecosystem services such as climate regulation, soil and water conservation.

Another negative externality is climate change. Trees absorb CO₂ from the atmosphere and help regulate the climate. Deforestation contributes to climate change by releasing more CO₂ into the atmosphere and reducing the amount of carbon dioxide absorbed by trees, thereby amplifying the greenhouse effect. Deforestation can also lead to soil erosion, which reduces fertility and pollutes waterways, and can also worsen air quality by reducing oxygen production and increasing dust.

The deforestation regulation carries with it several multiple costs in terms of implementation for businesses, farmers as well as the government. Businesses will need to invest in due diligence systems to ensure that their supply chains are free of products from deforested areas, which can be seen as internalising the negative externalities of deforestation. This includes mapping supply chains, auditing suppliers and establishing monitoring systems.

Governments will need to build capacity to monitor and enforce the regulations. This includes establishing control mechanisms and sanctions for companies that violate the regulations. The deforestation regulation may also have an impact on final consumers. Consumers may face a slight increase in product prices due to the costs of implementing the deforestation regulation.

6. European Integration

By European integration we mean the formation of an association of the peoples of Europe and their subsequent cohesion. European integration began to take shape after the Second World War, when the countries of Europe no longer felt safe and had a need for peaceful cooperation. The main goal of European integration was to unite European states in order to prevent potential conflicts. There were important milestones for European integration, such as the Treaty of Rome, the Treaty of Lisbon, and many others, which are already explained in this thesis in chapter 2.2 History and origins of the Presidency.

The Presidency of the Council of the European Union plays an important role in the process of European integration. *The Treaty establishing the European Coal and Steel Community mentions the Presidency for the first time, in the context of the Special Ministerial Council. Articles 27 and 28 defined the Presidency as a three-month rotating instrument for Council approval and communication between the Council and the ECSC Member States.* The six-month rotation period that we know today occurred because of a conflict between primary law on the one hand and the Council's internal documents on the other. *Primary law has only extended the length of the mandate from the original three months to twice as long.*

- *České předsednictví Rady EU – most přes minulost, Petr Kaniok, 2018, page 14*

The Presidency is responsible for managing the work of the Council, which is one of the EU's legislative institutions. The Council is responsible for adopting legislation that is necessary for the further development of European integration.

The Presidency therefore has the opportunity to promote its priorities in the field of European integration. The Presidency's priorities for European integration may include:

- Enlargement of the EU to include new Member States
- Deepening integration in the common market
- Strengthening cooperation in the areas of foreign policy, security, justice and home affairs

If a country wants to join the EU, it must submit an application to the EU Council. *“The Council then asks the European Commission to check the applicant country’s ability to fulfill*

the membership criteria. Based on the Commission's recommendations, the Council decides whether to grant the country candidate status and to begin formal negotiations for its accession to the Union. All EU Member States must agree on this decision.“

- European Union [online]. Available from:

https://european-union.europa.eu/principles-countries-history/eu-enlargement_cs

The Presidency can also organise international conferences or summits to discuss topical issues of European integration. Such conferences and summits can help promote European integration and strengthen cooperation between Member States.

The objectives of European integration can be divided into two categories:

Political objectives:

- To ensure peace and security in Europe
- To strengthen cooperation between Member States
- To create a common European identity

Economic objectives:

- To create a common market
- Develop the competitiveness of the European economy
- Promote economic growth

6.1. The importance of European Integration

European integration is of significant importance to Member States and to Europe as a whole. The benefits of European integration include:

- Increased peace and security in Europe

- Better cooperation between Member States in the areas of foreign policy, security, justice and home affairs
- Creation of a common market allowing free movement of goods, services, capital and people
- Promoting economic growth and competitiveness of the European economy

7. Tasks and competences of the Presidency

The content of the Presidency's functions shows that its main objective is to help achieve agreed EU objectives. The Presidency contributes to the achievement of these objectives primarily by helping to ensure and enhance the effectiveness of the decision-making process.

- Jak předsedat Evropské unii?, Jan Karlas, year 2008, page 19

The Presidency has a wide range of tasks, which can be categorised as follows:

- **Managing the work of the Council**

The Presidency is responsible for chairing meetings of the Council, its committees and working groups. The Presidency also sets the Council's agenda and coordinates its activities.

The Presidency is responsible for the orderly conduct of Council meetings. The Council meeting is usually chaired by a minister from the Presidency. The Presidency also prepares the agenda for Council meetings and coordinates the work of the various Council committees and working parties.

- **Preparation of legislation**

The Presidency is responsible for the preparation of draft legislation adopted by the Council. The Presidency works with the European Commission, the European Parliament and other EU institutions to develop draft legislation.

The Presidency has the right to submit draft legislation to the Council. These proposals may be developed by the Presidency itself or in cooperation with other EU institutions. The Presidency may also present compromise proposals between Member States that cannot agree on draft legislation.

- **EU representation**

The Presidency has the task of representing the EU in international fora. The Presidency participates in negotiations with other countries, international organisations and NGOs.

The Presidency is responsible for promoting the EU's interests on the international stage. The Presidency can also organise international conferences or summits to discuss topical issues of European integration.

7.1. Powers of the Presidency

The Presidency has broad powers that enable it to carry out its tasks. These powers include:

- **The right to make proposals**

The Presidency has the right to make proposals to the Council. These proposals may be made by the Presidency itself or in cooperation with other EU institutions.

- **The right to vote**

The Presidency has the right to vote in the Council. In the case of a vote on a proposal put forward by the Presidency, the Presidency has a double vote.

- **The right to present compromises**

The Presidency has the right to propose compromises between Member States that cannot agree on draft legislation.

7.2. Evolution of the tasks and powers of the Presidency

The tasks and powers of the Presidency have evolved over the years. In the early days of the European Economic Community (EEC), the Presidency was a relatively simple office with the task of chairing meetings of the Council and coordinating its work. As the EEC expanded to include new Member States, the Council's workload grew. This led to the Presidency becoming a more complex and demanding office.

In 1993, after the signing of the Maastricht Treaty, the Presidency was extended to include new powers, including responsibility for preparing the European Council. The European Council is the EU's top political institution, meeting twice a year.

In 2009, following the entry into force of the Lisbon Treaty, the Presidency was further reformed. A new three-person rotating Presidency was introduced to improve coordination between the presidencies.

8. Czech Presidency

The Czech Republic joined the European Union on 1 May 2004, together with Estonia, Cyprus, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia. Since joining the European Union, the Czech Republic has held the Presidency of the European Council twice. The first time was in the first half of 2009 and the second in the second half of 2022.

8.1. CZ PRES 2009

The Czech Presidency of the Council of the European Union in 2009 was an important event in the history of the Czech Republic. After joining the European Union in 2004, the Czech Republic assumed the Presidency for the first time and thus had the opportunity to actively influence the development of the European Union. The Czech Republic assumed the Presidency of the Council of the EU on 1 January 2009, as part of an 18-month presidential "trio" - France, the Czech Republic and Sweden. This form of cooperation allows for more effective planning and coordination of EU priorities. The countries of the trio jointly present an 18-month programme, which complements their own six-month programmes. The programme of the Trio France, Czech Republic and Sweden was approved in June 2008 and published on the French Presidency website in July 2008.

8.1.1. Logo and motto

Within the campaign, a logo and a motto are important for each Presidency. In 2009, the Czech Republic chose a very playful and colourful logo, which consisted of the abbreviation EU2009.CZ, which also referred to the internet domain, and a graphic emblem with 27 country abbreviations, which also symbolise the same number of EU Member States. This logo was created by Tomáš Pakosta, a young graphic designer from Litomyšl, whose design was selected from a total of 350 applicants.

The Czech Republic chose the motto "Europe without borders" for its Presidency, which emphasises the vision of a Europe without internal economic, cultural and value barriers for citizens, entrepreneurs and economic operators. Europe should be open to the world, but at the same time protected from illegal activities and threats.

In the context of the global economic crisis and the conclusions of the G20 Summit and the European Council, this motto has taken on even greater significance. The motto "Europe without barriers" also has a strong political and historical dimension. 2009 was a year of significant anniversaries - the 20th anniversary of the fall of the Iron Curtain and the 5th anniversary of the biggest ever EU enlargement. These anniversaries highlight the successful project of reunifying Europe.

Only an economically strong and cohesive European Union without internal barriers, true to its values and roots, will be able to tackle complex global challenges and strengthen its position in the modern world.



Picture 1: logo CZ PRES 2009. Source: tvorimevropu.cz

8.1.2. Priorities

The first Czech Presidency took place at a difficult time, when the financial crisis was underway. It significantly affected the main priorities, which were defined as the "three E's", i.e. the economy, security and defence, energy security and the environment. In more detail, the Czech Republic focused on promoting economic growth and employment in the

European Union, strengthening European security and defence, ensuring the energy security of the European Union and protecting the environment and combating climate change.

During the Czech Presidency, several important agreements were concluded which had an impact on the future development of the European Union. These included the agreement on the European Fund for Strategic Investments, the agreement on the European Defence Agency, the agreement on European energy security and the agreement on climate change.

The Czech Presidency of the Council of the European Union in 2009 can be considered a success. The Czech Republic managed to push through its priorities and make significant progress in the areas of the economy, security, energy and the environment.

In the area of the economy, in particular, the Czech Presidency focused on promoting economic growth and employment in the European Union. An agreement was reached on the European Fund for Strategic Investments, which was to have EUR 315 billion at its disposal and was to be used to finance investments in infrastructure, research and the development of small and medium-sized enterprises. This agreement was intended to help boost economic growth and employment in the European Union.

In the area of security and defence, the Czech Presidency focused on strengthening European security and defence. An agreement was reached on the European Defence Agency, which was to coordinate European defence research and development and promote cooperation between Member States in the field of defence. This agreement was intended to help strengthen European security and defence.

In the field of energy, the Czech Presidency focused on ensuring the European Union's energy security. An agreement on European energy security was concluded to ensure greater diversification of energy sources and to strengthen energy cooperation between Member States. This agreement was intended to help ensure the European Union's energy security.

In the area of the environment, the Czech Presidency focused on environmental protection and the fight against climate change. The Czech Republic supported the adoption of a new agreement on climate change to replace the Kyoto Protocol. The new agreement was to be more ambitious and to better reflect the needs of developing countries.

8.1.3. Fall of the government

During the Czech Presidency, the Czech Chamber of Deputies expressed no confidence in the coalition government of Mirek Topolánek. The no-confidence motion was passed after the fifth attempt by the opposition. It was mainly the ČSSD, which had been in opposition since 2006, which criticised the government for its inability to implement reforms, for the scandals that had affected it and for its inability to ensure a stable government. The riots in socially excluded localities that broke out in January 2009 also contributed to the fall of the government. The government was criticised for failing to adequately manage the unrest.

These circumstances led to the fall of the Topolánek government on 24 March 2009. In the midst of the ongoing Czech Presidency, the new government of Jan Fischer came to power with only limited time to study, prepare and implement its agenda.

The arrival of Jan Fischer's bureaucratic government meant a certain delay in the Czech Presidency. Fischer's government had to quickly familiarise itself with the agendas planned for the Presidency. This led to some delays and a slowdown in the pace of work. The fall of the government also showed that Czech politics is still unstable and that it is difficult to push through reforms and, on the other hand, the new government also had the opportunity to push through its own priorities.

Overall, the fall of Mirek Topolánek's government and the arrival of the new government of Jan Fischer had a negative impact on the course of the Czech Presidency. However, the delays that occurred have been made up for and the Czech Republic has finally managed to push through its priorities and make significant progress in the areas of the economy, security, energy and the environment. Unfortunately, the fall of the government resulted in some delays and a slowdown in the pace of work, but we can still consider CZ PRES 2009 a success.

8.2. CZ PRES 2022

On 1 July 2022, the Czech Republic took over the historic second Czech Presidency of the Council of the EU from France, with "Europe as a task" as its motto. This presidency lasted half a year like any other, and on 31 December 2022 it handed over to another country, Sweden.

8.2.1. Logo and motto

The CZ PRES 2022 logo is partly inspired by the logo of the Czech Presidency in 2009. The logo is dominated by a wedge, which is based on the wedge symbolism. The Czech flag is the only one of the Member States to contain a wedge, which refers to the historical identity and state sovereignty of the Czech Republic in the logo. In addition to the wedge, we can also find other symbols in the logo, such as the 27 compass arrows, which refer to the geographical location and number of Member States in the EU. We can also notice that the arrows resembling the interior flags in the stands have different colours, which are a reference to the logo from the CZ PRES in 2009, they also represent the EU motto "United in diversity" and their arrangement is in the shape of a circle, just like the stars in the EU logo. The contract for the Czech Presidency logo was awarded to the Prague studio Dark Side and the logo was published at a government press conference on 15 June 2022.



Picture 2: logo CZ PRES 2022. Source: eu2022.cz

In addition to the logo, a motto is also important for each Presidency. The motto for CZ PRES 2022 was unveiled together with the logo at a government press conference and its wording is "Europe as a task". This motto is inspired by a speech given by Václav Havel in 1996 on the occasion of the awarding of the Charlemagne Prize. In his eponymous speech, the then President stressed the need to reflect on the future of Europe and called on Europeans to renew their conscience and take responsibility for global problems, whether environmental, social or economic. Russia's belligerent aggression against Ukraine has clearly shown the need to rethink existing approaches and assumptions. Havel's slogan 'Europe as a task', chosen by the Czech Republic as the motto of its Presidency of the EU Council in 2022, can be understood not only as a space for joint reflection, but above all as a call for responsible and decisive action in accordance with our conscience. At this historic moment, our task is to rethink, rebuild and strengthen Europe.

8.2.2. Priorities

Together, these three countries formed a presidential trio and created a common programme, which they worked hard on during their Presidency of the Council of the EU. *The joint programme of France, Czech Republic and Sweden was approved on 14 December 2021 by the General Affairs Council and is divided into **four priority** thematic areas:*

- *protecting citizens and freedoms;*
- *building economic foundations: European model for the future;*
- *building a climate-neutral, green, equitable and social Europe;*
- *promoting European interests and values in the world.*

- EU2022 [online]. Available from: <https://wayback.archive-it.org/12090/20230320162248/https://czech-presidency.consilium.europa.eu/en/programme/trio-programme/>

The programme of the Czech Presidency of the Council of the EU is divided into two parts - the CZ PRES Priorities and the CZ PRES Programme according to the formations of the Council of the EU. The priorities were to some extent influenced by the joint programme of

the Presidency trio, but also by the Russian invasion of Ukraine, which needed to be addressed urgently.

- *In total, five main priority pillars were identified, beyond which the priorities in the different Council formations were also defined. The main pillars were:*
- *Managing the refugee crisis and post-war reconstruction in Ukraine*
- *Energy security*
- *Strengthening European defence capabilities and cyber security*
- *Strategic resilience of the European economy*
- *Resilience of democratic institutions*

This part reflects the long-term positions and Czech priorities that the Czech Republic has been advocating in the EU and also responds to the current geopolitical and economic challenges, especially related to the Russian aggression against Ukraine.

In addition to the above-mentioned political priorities, the second part of the national programme contains priority sectoral agendas, i.e. legislative and non-legislative proposals that the Czech Republic will address within the individual Council formations.

- *Government of the Czech Republic [online]. Available from: <https://vlada.gov.cz/cz/evropske-zalezitosti/predsednictvi-cr-v-rade-eu/predsednictvi-eu-22508/#>*

In the practical part of this thesis, the author will focus on the CZ PRES programme according to the EU Council formations, in particular on the priorities of the CZ PRES Council for Agriculture and Fisheries (AGRIFISH). The main emphasis will be placed on a detailed analysis of the problems of deforestation and forest degradation. Thanks to close contacts and personal participation in this agenda, the practical part will include research and evaluation of the agenda by experts who have worked hard on this agenda and led all working groups, negotiations and trilogues.

As part of the Czech Presidency of the Council of the European Union in 2022, the Czech Republic has committed itself to monitoring and, where appropriate, discussing progress in the implementation of the New EU Forest Strategy 2030. The aim of this commitment was

to ensure a balance between the social, environmental and economic aspects of sustainable forest management and respect for the principles of subsidiarity and proportionality.

Deforestation is one of the main drivers of climate change. Deforested forests are no longer able to absorb greenhouse gases, which contributes to a warming planet.

The European Commission has proposed to introduce a system that would require companies to prove that no deforestation has occurred in the production of their products. This system should help protect forests from illegal logging and degradation. The Czech Presidency supported this proposal and sought its adoption. The Czech Republic also wanted to contribute in global forums to the protection of the world's forests and to the establishment of sustainable consumption chains unencumbered by deforestation and forest degradation. In this context, the Czech Republic followed up on the general approach adopted on the legislative proposal on deforestation and started trilogues with the European Parliament.

A related theme is the promotion of sustainable forestry. Sustainable forestry is the management of forests to ensure their conservation for future generations. Sustainable forestry is particularly important in times of drought, when forests are threatened by fires and other damage. The Czech Presidency has sought to strengthen support for sustainable forestry in the European Union. *"The idea is that the production of certain commodities such as soy, coffee, cocoa, cattle, wood or palm oil should not lead to unnecessary degradation of forests and woodlands. We need to protect nature sufficiently, while at the same time making sure that we do not jeopardise the supply of certain products or foodstuffs because of new bureaucratic hurdles," said Minister Zdeněk Nekula.*

- *Ministry of Agriculture [online]. Available from:*

<https://eagri.cz/public/portal/mze/tiskovy-servis/archiv/ceske-predsednictvi/za-ceskeho-predsednictvi-budou-v-resortu>

The Czech Presidency also discussed the future of the Standing Forestry Committee, an advisory body to the European Commission in the field of forestry. The Union does not have a common forestry policy, so it is important that the Standing Forestry Committee has sufficient powers and resources to be able to effectively promote sustainable forestry

throughout the European Union. The Czech Presidency sought to strengthen the powers and resources of the Standing Forestry Committee.

8.3. Deforestation and forest degradation

Deforestation is a global problem with significant environmental and climate impacts. Between 1990 and 2020, 420 million hectares of forest will be lost worldwide, an area larger than the European Union. This figure is estimated by the UN Food and Agriculture Organisation (FAO).

Deforestation contributes to the global climate crisis in many ways. First and foremost, they increase greenhouse gas emissions through associated forest fires, permanently remove carbon storage capacity, reduce the resilience of the area concerned to climate change and significantly reduce its biodiversity and resistance to disease and harmful organisms. Deforestation alone is responsible for 11 % of greenhouse gas emissions, according to the 2019 Intergovernmental Panel on Climate Change (IPCC) Special Report on Climate Change and Land.

The global climate crisis is causing biodiversity loss, which in turn is exacerbating climate change. Biodiversity and healthy ecosystems are essential for climate-resilient development. Insects, birds and mammals act as pollinators and seed carriers and can directly or indirectly contribute to more efficient carbon storage. Forests also ensure the continuous replenishment of water resources and prevent droughts and their harmful impacts on local communities, including indigenous peoples. Drastic reductions in deforestation and forest degradation and the systematic restoration of forests and other ecosystems represent the single greatest opportunity for natural resource-based climate change mitigation.

The European Union recognises the seriousness of the problem of deforestation and is taking a number of steps to address it. In 2019, the Commission adopted a Communication on strengthening EU action to protect and restore the world's forests. In this Communication, the Commission proposed a number of measures to help reduce the impact of EU consumption on deforestation, such as:

- Introduce an obligation for large companies to disclose information on the impact of their activities on forests.
- Promote the consumption of products from sustainable forests.
- Encouraging international cooperation on forest protection.

In 2021, the Commission adopted a new EU forest strategy for 2030. This strategy sets targets for the protection, restoration and sustainable management of Europe's forests. These objectives include:

- Ensure that 30 % of EU land is covered by forests by 2030.
- Ensure that the EU's forests are managed in a sustainable, environmentally and climate-friendly way.
- Promote reforestation on eroded land and in areas affected by forest fires.

Combating deforestation and forest degradation constitutes an important part of the package of measures needed to reduce greenhouse gas emissions and to comply with the Union's commitments under the European Green Deal as well as with the Paris Agreement adopted under the United Nations Framework Convention on Climate Change (the 'Paris Agreement'), and the Eighth Environment Action Programme adopted by Decision (EU) 2022/591 of the European Parliament and of the Council, and with the legally binding commitment under Regulation (EU) 2021/1119 of the European Parliament and of the Council to reach climate neutrality at the latest by 2050 and reduce greenhouse gas emissions by at least 55 % compared to 1990 levels by 2030.

- *Official Journal of the European Union L 150/206, chapter 1, art 13, [online]. Available from:*

<https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32023R1115>

9. Practical part

9.1. Commission's proposal on deforestation

9.1.1. Introduction

On 17 November 2021, the European Commission adopted three new initiatives that are necessary to make the European Green Deal a reality. The new rules proposed by the European Commission include a reduction in deforestation and forest degradation caused by the EU, new rules to facilitate waste shipments within the EU to promote circular economy and address illegal waste exports and waste problems to third countries, and the implementation of a new soil strategy to ensure the restoration, resilience and adequate protection of all European soils by 2050. The proposed EU Forest Strategy builds on the objectives of the Green Deal and links them to the objectives of other strategies such as the Farm to Fork Strategy and the Biodiversity Strategy. The proposal on deforestation is inspired by the original EU Timber Regulation (EUTR) 995/2010, but is substantially tightened.

Commenting on the European Commission's proposals for a regulation on deforestation and waste shipments, Virginijus Sinkevičius, Commissioner for Environment, Oceans and Fisheries, said that these were the most ambitious legislative attempts ever to tackle these problems worldwide.

The Commission published a proposal for a regulation on deforestation on 17 November 2021, before the start of the Czech Presidency, when France was the head of the Council. An ad hoc working group was set up on 12 January 2022, at the start of the French Presidency, as the environment sector was identified as a pilot project. The aim of the ad hoc group was to involve experts from relevant areas such as forestry, environment, trade, agriculture, etc. The European Commission presented its legislative proposal to the Member States at the first working group held on 24 January 2022. The ad hoc working group met regularly and held substantive discussions. During the French Presidency, significant progress was made on the deforestation proposal, with the Council tabling several compromise texts, for example on definitions, the scope of the regulation and much more. This progress was a solid building block for the Czech Presidency to find a possible

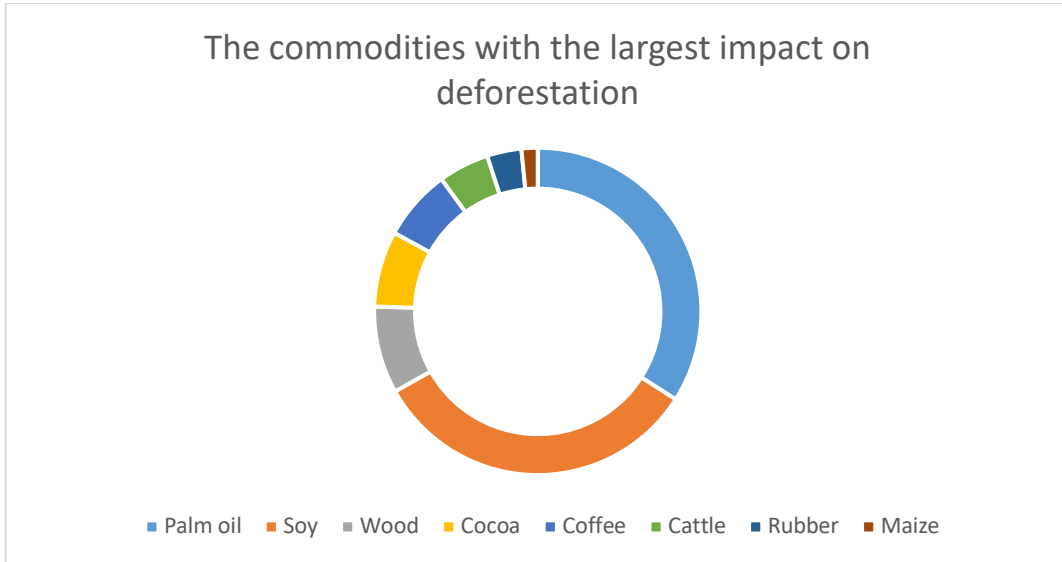
compromise with the Commission and Parliament. The work of the French Presidency was ambitiously continued by the Czech Republic when it took over the rotating Presidency of the Council of the EU on 1 July 2022.

Deforestation and forest degradation are mainly caused by human activities. Among one of the major drivers of forest loss at the global level is industrial agriculture. According to the FAO, it accounts for at least 50 % of this process, mainly due to the production of commodities such as palm oil and soya. Of course, industrial agriculture also includes cattle grazing. The expansion of pastures for livestock is responsible for around 40 % of global deforestation. Another factor is conversion to arable land, which accounts for around 15 % of deforestation.

The European Union is a major consumer of products that lead to deforestation in other parts of the world. According to available data, EU consumption accounts for approximately 10 % of global deforestation. The commodities with the largest impact on deforestation are: palm oil (34 %), soy (32.8 %), wood (8.6 %), cocoa (7.5 %), coffee (7 %), cattle (5 %), rubber (3.4 %) and maize (1.6 %). The expansion of these commodities is a major cause of global deforestation, while their production leads to the destruction of tropical forests, with a range of negative environmental impacts, including biodiversity loss, soil erosion, air and water quality degradation and climate change.

The new regulation on deforestation and forest degradation aims to ensure that products used on the EU market or exported outside EU market do not contribute to global deforestation and forest degradation. This regulation targets specific commodities, including coffee, cocoa, palm oil, soy, cattle, and wood.

Graph 1: The commodities with the largest impact on deforestation



Source: Own processing based on publicly available information

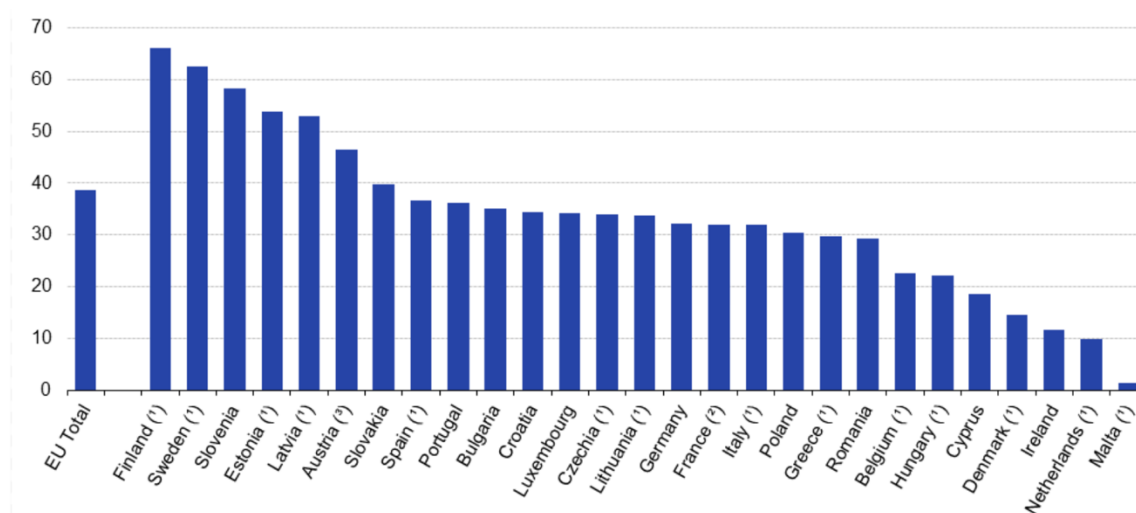
Graph 2: Annual rate of forest expansion and deforestation, 1990-2020



Source: World Economic Forum

Between 1990 and 2020, research shows that deforestation has lost around 420 million hectares of forest on the planet (an area larger than the European Union), while forest expansion has only occurred on 240 million hectares.

Graph 3: Forest area in the EU, 2021



Source: Eurostat

The graph above shows the forested area in the European Union in 2021 and is based on the annual European Forest Accounts data collection.

In 2021, forests in the European Union (the graph does not show other forested land) cover an area of approximately 160 million hectares, representing 39 % of the total EU area. This is an increase of 8 million hectares (5.3 %) compared to 2000 and 2.5 million hectares (1.6 %) compared to 2010.

Forests in the EU play an important ecological, economic and social role. The total area of forests in the EU has increased slightly over the last two decades. Its increase in recent years is a positive trend that should continue to be encouraged. Increased forest cover can lead to the growth of the forest industry and related jobs.

In five EU Member States, forests account for more than half of their national (terrestrial) territory: Finland (66 %), Sweden (63 %), Slovenia (58 %), Estonia (54 %) and Latvia (53 %). In terms of absolute forest area, the top three are Sweden (27 980 thousand ha), Finland (22 409 thousand ha) and Spain (18 576 thousand ha).

The theoretical part of this thesis shows that the proposal on deforestation and forest degradation was a very serious topic during the Czech Presidency in 2022.

The Commission has prepared a proposal for this regulation, the text of which is under review by the Council and the Parliament. This examination is called reading. Within the European Union's legislative process, there is an instrument called the 'general approach', which allows the Council to adopt a political agreement on a given draft regulation before Parliament takes its position at first reading. This practice is intended to speed up the legislative process and facilitate a final agreement between the two institutions. A general approach is a political document in which the Council summarises its main positions and priorities on a given legislative proposal. A general approach is usually adopted at the level of the Ministers of the Member States within the Council. At each reading the proposal passes through three levels at the Council - working party, Permanent Representatives Committee (Coreper), Council configuration.

In the case of the proposal from the Commission on deforestation and forest degradation, this general approach was adopted by the Council on 28. June 2022, and Parliament finally adopted the Commission's proposal for discussion. However, Parliament also had its own proposals that it wanted to get through in this deforestation regulation. Throughout the Presidency, all three parties have tried to find a final compromise during three trilogues.

9.1.2. Scope

The regulation on deforestation and forest degradation should focus on the commodities whose consumption in the EU contributes most to deforestation and forest degradation on a global scale. It should also focus on commodities where EU intervention could bring the greatest benefits relative to the value of trade. This will ensure that the regulation is effective, fair and achieves the desired objectives.

As noted above, the European Commission has made a proposal on deforestation that included six commodities - coffee, cocoa, palm oil, soy, cattle, and wood. The Council's General Approach kept the list of commodities as proposed by the Commission. The Parliament advocated for extending the regulation's scope to encompass additional commodities like rubber, maize, swine, sheep, goats, palm oil derivatives, charcoal, and printed paper products.

9.1.3. Financial institutions

In addition to adding several other commodities, the Parliament has added obligations for financial institutions to the scope of the Regulation. Financial institutions were not covered by the Commission's proposal or the Council's general approach. This proposal was made by Parliament because of the possibility of monitoring all financial flows that contribute to deforestation and forest degradation and was intended to include an obligation for financial institutions to carry out due diligence before providing financial services to clients involved in trading the commodities and products concerned.

9.1.4. Definitions

Another change that Parliament tried to push through in this proposal was the addition of "other wooded land" to the definition of deforestation. Other wooded land is defined in the EU Deforestation Regulation (EUDR) as a category of non-forest land for the purposes of forest degradation. In the European Commission's proposal and in the Council's general approach, there was only a definition on deforestation, which was formulated to be as close as possible to the internationally accepted Food and Agriculture Organization of the United Nations (FAO) definition. Neither the European Council nor the European Commission wanted to accept this addition, and several different negotiations on the subject arose, with the European Parliament holding a very strong position on this proposal.

Another definition that was proposed by Parliament and discussed during the working parties and trilogues was "forest conversion", which Parliament wanted to add to the scope of the regulation, along side deforestation and forest degradation.

And at the end of the negotiation on definitions there was a very serious topic to discuss "Cut-off-date". The whole proposal aims to stop deforestation and forest degradation linked to the production and consumption of commodities on the EU market. This is to be achieved by prohibiting the use of products on the EU market or their export from the EU if they have been produced on land that has been deforested after the cut-off-date. This date varies depending on the commodity. Neither the Council nor the Parliament agreed with the Commission's cut-off-date proposal. In its proposal, the Commission put forward a cut-off-date of 31 of December 2020. The European Parliament proposed that the cut-off-date should precede the date of entry into force of the Regulation by three years, which would be

31 of December 2019, and the Council proposed that the cut-off-date should be set at 31 of December 2021.

9.1.5. Human rights

Human rights and indigenous peoples' rights are also very crucial in the issue of deforestation. Respect for the rights of indigenous peoples and the FPIC principle is essential for the protection of forests, biodiversity and climate change mitigation. Studies show that forests inhabited by indigenous peoples are less deforested than those managed by states or private companies. This proposal takes into account respect for indigenous peoples' rights, including their rights to forests and the principle of free, prior and informed consent (FPIC), including as set out in the UN Declaration on the Rights of Indigenous Peoples.

Indigenous peoples have extensive knowledge about forests and their ecosystems that has been passed down from generation to generation. This knowledge includes the ecological and medicinal properties of plants and animals, as well as the principles of sustainable management of forest resources.

Indigenous peoples play a key role in the fight against climate change. They actively resist encroachment and deforestation on the land they inhabit, thereby protecting forest cover and reducing carbon emissions. And for these reasons, the Commission's proposal takes into account the consideration of Human rights and indigenous peoples' rights.

In the practical part of the thesis, the author used her contacts gathered during the Czech Presidency in 2022 during her internship in Brussels. Thanks to the internship, she had the opportunity to work on a proposal on deforestation alongside diplomats and experts, with whom she decided to conduct semi-structured interviews. The author of this thesis prepared a list of 10 questions and interviewed all respondents, during which they were asked the same questions. Only some of the respondents' answers are incorporated in the practical part according to the relevance of their answers.

9.1.6. Questions

For her research, the author developed a list of 10 questions relevant to the Commission's proposal on deforestation. She asked these questions in the same wording to all three interviewees, who did not know each other's answers and answered freely and without influencing each other's answers. The author asked the respondents the following questions:

Question 1:

- What were the main reasons why the Council adopted the general approach in the proposal on deforestation?

Question 2:

- In what ways is the deforestation regulation beneficial to farmers?

Question 3:

- What steps is the EU taking to make it easier for farmers to implement the new deforestation regulation?

Question 4:

- What views have Member States had on this proposal?

Question 5:

- Which Member State had the most reservations about the deforestation proposal, and what were its reasons?

Question 6:

- How satisfied are the Member States with the final approved form of the deforestation regulation?

Question 6:

- What was the strongest position advocated by the Council?

Question 7:

- What was the strongest position advocated by the Commission?

Question 8:

- How satisfied are the Member States with the final approved form of the deforestation regulation?

Question 9:

- What is your assessment of CZ PRES 2022?

Question 10:

- In your opinion, was the Czech Republic well prepared for its role as head of the Council?

9.2. Introduction of respondents

9.2.1. Respondent number 1

Ing. et Ing. Natalie Srbková from the Ministry of Agriculture, who chaired the working group that discussed the draft regulation on deforestation. As chair, she had a very important role during the Czech Presidency. Her main task was to ascertain the detailed positions of the Member States with regard to the general approach and then negotiate with the European Parliament on this basis. Ing. et Ing. Natalie Srbková convened and managed the working groups during the Presidency, presented all the steps and developments in the proposal on deforestation to the Member States, conducted negotiations with the European Commission and also with the European Parliament. In her role, she dealt with technical matters, but as Chair she had overlap to sensitive and political issues, with the final result of an agreement with the Parliament, which was subsequently approved by a majority of Member States.

9.2.2. Respondent number 2

Ing. Jan Ďoubal, who was called as an expert in this field from the Institute for Forest Management Brandýs nad Labem. He played a key role in the negotiation of the

deforestation proposal, participating as an expert in working groups, negotiations with the European Parliament, the European Commission, being part of every trilogue and actively participating in the preparation of materials for the Chair of the legislative proposal on deforestation Ing. et Ing. Natalia Srbkova. He brought a practical perspective to the whole negotiation and pointed out all the possible impacts of the proposal.

9.2.3. Respondent number 3

M.A. Karolina Zázvorková, MSc. Karolina Zázvorková has experience from the European Commission, where she was seconded by the Ministry of the Environment as a national expert in 2016. She gained 7 years of experience in the European Commission and in April 2022, just before the start of the Czech Presidency, she joined the Permanent Representation of the Czech Republic to the European Union as First Secretary in the Environment and Agriculture Department.

In response to question 1 "What were the main reasons why the Council adopted the general approach in the proposal on deforestation?"

Respondent 1:

- "In my view, the Council was aware of the urgency of addressing the issue of global deforestation, which is a long-term environmental problem. So the Commission came up with this proposal, and although in many ways the Council did not agree with it, it understood that a clear signal needed to be given, which the adoption of the general approach undoubtedly was."

Respondent 2:

- Did not answer this question

Respondent 3:

- "The starting point for the draft Regulation was the EC Communication on the need to act to protect the world's forests and combat deforestation adopted in 2019 (EU Communication 2019) on stepping up EU action to protect and restore the world's forests), which was also endorsed by the Council after discussion. EU Member States

have also committed at UN level to the goal of halting deforestation under the Sustainable Development Goals in 2015 by 2020 and again in 2021 under COP28 by 2030. The reason for the adoption of the Council's general approach was therefore also to reflect these international commitments.“

9.3. Interviews

Question number two was **"In what ways is the deforestation regulation beneficial to farmers?"** and the respondents answered as follows:

Respondent 1:

- "The regulation aims to prevent deforestation mainly due to the conversion of forest areas to agricultural land. However, if farmers are farming on land intended for agriculture, they will not be affected by the regulation."

Respondent 2:

- "In general, the Regulation will affect differently farmers in third countries and in the EU. As negligible cases of deforestation are expected in the EU, it will be mainly a matter of formal compliance with the Regulation on the EU side. Information on the preparedness of the agricultural sector is limited. The situation will be different in different MS in relation to, for example, the ownership structure in the sector. There is clearly a concern on the part of the MS about the issue of temporarily afforested agricultural areas."

Respondent 3:

- “EU farmers may gain a comparative advantage in certain circumstances, as farmers from third countries that acquire cheap land by deforestation and general environmental degradation will no longer be able to place products from such unsustainable practices on the EU market.“

In response to question 3 "**What steps is the EU doing to make it easier for farmers to implement the new deforestation regulation?**" respondents answered as follows:

Respondent 1:

- "The Regulation is currently being implemented in national legislation. Part of this implementation is undoubtedly an effort to explain the Regulation to all those affected, including farmers."

Respondent 2:

- "The EU, represented in this case in particular by the European Commission, is preparing two major projects: the EU Forest Observatory for monitoring changes by means of remote sensing on the ground and in cooperation with the CS on the Zero Deforestation Hub project, which is however more focused on legislation in third countries. The EU as such should in particular ensure a smooth implementation."

Respondent 3:

- "Implementation is up to the EU Member State. The European Commission can assist the MS. Several tools to facilitate implementation are already mentioned in the Regulation itself, e.g. the EU Forest Observatory or the development of EC implementation guidelines. In addition, the relevant EC expert group also meets regularly."

Respondent number 2 and respondent 3 in their answer mentioned the preparation of the EU Forest Observatory project, which is being set up to monitor changes in remote sensing and the European Commission together with the Member States are also preparing another project called Zero deforestation hub, which focuses more on legislation in third countries from which EU countries import products.

However, all respondents agree in their answers that smooth implementation of the new regulation is the main concern for the EU institutions.

What were the Member States' views on this proposal?

Respondent 1:

- "There were basically two main groups, with the more ambitious group of countries calling for swift adoption even at the expense of making concessions to the Commission's original proposal, and the other group, more conservative, having major concerns about the administrative complexity of the Regulation as a whole."

Respondent 2:

- "Member States mostly approved the proposal after compromises were made. The individual positions of the MS would require studies and analysis of documents from the discussions at the Council and the EC expert group."

Respondent 3:

- "A significant part of the CS was ambitious and advocated for even stricter rules. Many MS, on the other hand, were concerned about the administrative impact. In the end, the final agreement was supported by all MS except BG, LV, PL, FI, SE, which abstained."

From the respondents' statements, it can be assessed that the Member States were divided into two groups - an ambitious group that more or less agreed with the proposal and advocated even stricter rules and another group that was more conservative was concerned about the administrative and implementation complexity of the regulation. Respondent 3 said that the final agreement was opposed by all Member States except Belgium, Latvia, Poland, Finland, Sweden, which abstained.

Question 4 is followed up by question 5 - **"Which Member State had the most reservations about the deforestation proposal, and what were its reasons?"**

Respondent 1:

- "It was not one country, rather a group of countries, and it was really mainly about the administrative complexity and at the same time doubts about the feasibility of the

proposal. At the same time, some countries wanted to make sure that they would not be negatively affected by the implementation of the Regulation.“

Respondent 2:

- "Finland, Estonia, Slovenia and Austria and other countries expressed concern about the situation of temporarily afforested agricultural areas.“

Respondent 3:

- "It was a group of member states with a large forested area like FI, SE, EE and AT. But EE and AT eventually supported the proposal. BG, LV, and PL also abstained in the end because of the administrative burden.“

Respondent number 1 and respondent 2 to this question explained that the Member States were basically divided into two groups - the first group agreed with the proposal and the second group certainly had concerns and reservations about the proposal. Respondent 2 specified the countries that found problems with the proposal and it can be seen from the answers that specifically Finland, Estonia, Slovenia, Austria and a few other countries expressed their disagreement and the Presidency had to try to find a compromise that would be acceptable to the general majority.

All the parties involved, that is, the European Parliament, the European Commission, the Council of the EU, together with the Member States, had reservations about the legislative proposal on deforestation, and in several negotiations they tried to find a common compromise that would satisfy all parties. This is also the focus of questions 6, 7 and 8, where the author of the thesis asked respondents what were the strong positions of the parties involved and where they refused to give in. Question 6 was thus: **What was the strongest position advocated by the Council?**

Respondent 1:

- "Feasibility of controls - that a certain percentage of subjects can be checked for quality and that this is achieved not at the expense of quantity.“

Respondent 2:

- "In particular, not to extend the scope of the Regulation beyond the general approach."

Respondent 3:

- "The Council of the EU has most strongly advocated not extending the scope of the Regulation beyond the general approach and reducing the percentage of mandatory controls."

In this case, too, the respondents are more or less in agreement, and each of their answers points to important topics that the EU Council found to be of great concern and had a very strong position here, because the states saw these issues as potential problems. According to the consistent responses, it can be assessed that the EU Council took a strong position on the issue of the percentage of mandatory controls and on not extending the scope.

As question 7, the author asked the same question from the European Commission's position - **"What was the strongest position advocated by the Commission?"**

Respondent 1:

- "The Commission made the proposal, its main ambition was to adopt it as soon as possible, which it did."

Respondent 2:

- "The Commission generally advocated a position to bring the general approach as close as possible to the original Commission proposal, for example in terms of the Commission's powers."

Respondent 3:

- "Preserving its proposal as much as possible and as quickly as possible."

For question 7, the answers of the respondents were almost 100 % in agreement. The entire original text of the deforestation proposal was drafted by the European Commission in the

form in which it wanted to push it through. During the negotiations, the Commission tried to do just that and made it clear that it only wanted to make the smallest possible changes to its original text and wanted to adopt the deforestation proposal as soon as possible.

Question 8 was the same as questions 6 and 7, except that it was directed at the European Parliament. Question 8 was: **'What was the strongest position advocated by Parliament?'**

Respondent 1:

- "A greater range of commodities and ecosystems that would be affected by the regulation."

Respondent 2:

- "Broadening the scope of the Regulation in terms of commodities, ecosystems and compliance requirements."

Respondent 3:

- "Larger range of ecosystems and commodities and high percentage of mandatory controls."

In question 7, the respondents again agree in each others their statements. The European Parliament had the strongest position on the issue of the scope of commodities and ecosystems. From this position the European Parliament did not want to retreat from the position it had been advocating all along. In the final compromise text, this position has been taken into account and the scope has been extended to include other commodities in the deforestation regulation.

Question 8 relates to the already approved proposal on deforestation. The question is **'How satisfied are the Member States with the final approved form of the deforestation regulation?'**.

Respondent 1:

- "The agreement with the European Parliament was adopted in December 2022 and by a large majority of Member States. Since then, countries have been struggling with implementation. In general, I think the ambition is still seen by countries as important and motivates member states in this joint effort. Of course, in that time, new issues have emerged that countries are facing, especially on a practical level."

Respondent 2:

- "Member States are implementing the new Deforestation Regulation in their legislation. Some associations such as EUSTAFOR have expressed concerns about the possibility of implementation by the HS. It is possible that through representation in EU Councils some Member States will propose a postponement of the applicability of the Regulation."

Respondent 3:

- "The implementation phase is about to begin, which will certainly be very challenging, given that this is a new proposal with a large initial administrative burden and the need to create transparent supply chains. Difficulties can be expected at a practical level, but the objective and the idea of the final agreement are not in doubt."

From the respondents' statements above, it can be assessed that Member States are currently working on the implementation of the new Regulation and find this legislation important. However, the responses of two interviewees indicate a concern that some Member States might propose to postpone the application of the Regulation.

The two final questions already concern the overall assessment of the Czech Presidency in 2022 and the 9th question was: **'What is your assess of CZ PRES 2022?'**.

Respondent 1:

- "In hindsight, I still rate the Presidency positively. There were a few moments in it that could have been done differently, but at the time it was simply the best possible choice, and that is how it should be approached. I personally appreciate the teamwork that the Presidency has brought and the expertise of the people involved."

Respondent 2:

- "The Czech Presidency has fulfilled its objectives. In the area of the Regulation, the objective was not directly to complete the trilogues on the general approach, but from a diplomatic point of view, it was generally a success that a compromise draft Regulation was adopted on behalf of CZ PRES 2022."

Respondent 3:

- "CZ PRES was successful beyond expectations, also thanks to the agreement on this proposal, which was not initially expected during our Presidency. Thanks to a very well-prepared and professionally proficient team from the Ministry and the IHUL, we were finally able to conclude the negotiations."

The last question that the author asked the respondents was: **'In your opinion, was the Czech Republic well prepared for its role as head of the Council?'**

Respondent 1:

- "Yes, it was. The preparations took place two years in advance and in our case very intensively. I think that in the overall assessment we succeeded and showed that we belong in the EU leadership."

Respondent 2:

- "The CZ PRES results showed that yes."

Respondent 3:

- "Yes, the preparations have been long and careful and have been undertaken by the right people at all levels."

9.4. Negotiation results

As interviews with respondents already show, the Deforestation Proposal was finally approved in Brussels during the last trilogue in the early hours of 6 December 2022. Led by the then Ambassador to the Permanent Representation of the Czech Republic to the EU, Jaroslav Zajíček, on behalf of the EU Council, the European Parliament with rapporteur on the environment, public health and food safety (ENVI) Mr Christoph Hansen, and the European Commission found a compromise and, after several hours of negotiations, jointly reached a preliminary political agreement. Negotiations took place during 3 trilogues, which took place over the course of six months. The first trilogue took place on 27 September. A calendar of technical meetings was agreed at this trilogue. The second trilogue took place on 9 November and the last third trilogue took place until 4am on 5 December 2022. During the last trilogue, a compromise was finally found after long negotiations.

9.4.1. Scope

The big issue for all parties involved was scope. In the proposal produced by the Commission there were six commodities - coffee, cocoa, palm oil, soy, cattle, and wood. The Council's General Approach kept the list of commodities as proposed by the Commission, but Parliament strongly pushed for the extension of these commodities to include rubber, maize, swine, sheep, goats, palm oil derivatives, charcoal, and printed paper products. During the trilogue, stakeholders agreed to add the commodities rubber, printed paper and a limited selection of palm-oil derivatives to the scope of the Regulation in the final compromise text. The scope of commodities in the final text of the deforestation regulation includes coffee, cocoa, palm oil, soy, cattle, wood and rubber. The production of products from these commodities will not lead to deforestation or forest degradation. The rules do not only apply to these commodities, but also to a range of derived products such as chocolate and furniture.

9.4.2. Financial Institutions

As already mentioned, the European Parliament requested the addition of financial institutions to the text of the deforestation regulation. Neither in the Commission proposal nor in the Council's general approach were financial institutions included, and this was a highly debated topic during the trilogue. The Parliament called for financial institutions to be added to the scope in order to monitor financial flows that contribute to deforestation and forest degradation. This proposal has not yet been included in the final text, but the European Commission is obliged to assess the possibility of extending the scope of the regulation in the context of the review. This review should be carried out within two years.

9.4.3. Definitions

As regards definitions, the Council has sought in its general approach to make each definition clear, precise and workable. In this area, the addition of a definition of "other wooded land", a definition requested by the European Parliament, was a much debated topic. Both the Commission's proposed text and the Council's general approach only included a definition of "deforestation", which the European Parliament felt was too narrow, as it only focused on forests that are defined in a certain way, for example by tree density and tree height, and did not include other types of forests that are still important for biodiversity and the fight against climate change. In the proposed definition of 'other wooded land', the European Parliament wanted to include all types of forest in order to make the fight against climate change and the protection of biodiversity as effective as possible. However, some countries have expressed concern that the definition of 'other wooded land' would be too broad and could lead to over-regulation of forestry, while at the same time being misused to protect forests that are not actually threatened by deforestation.

In the final compromise, the original version of the definition of "deforestation" was completely preserved. As regards the addition of a definition of "other wooded land", the Commission is obliged to assess the possibility of extending the scope of the regulation to include "other wooded land". This assessment must be carried out within one year of the entry into force of the Regulation.

Another definition that Parliament requested to be added to the scope was "forest conversion". Parliament requested that this term be added to the definition of deforestation

and forest degradation. This proposal was rejected during the trilogue and the term was completely deleted from the final text of the regulation. Article 2 'Definitions' also sets out the distinction between 'relevant commodities' and 'relevant products'. In the definitions it is stated that relevant commodities are cattle, cocoa, coffee, oil palm, soya, rubber and wood and relevant products are products that contain or have been made using relevant commodities. In the case of cattle, this includes products on which the cattle have been fed.

9.4.4. Cut-off date

The cut-off date was much discussed during the trilogues. Each of the parties involved had a different opinion on the subject and proposed a different date. In the Commission's proposal, the cut-off date was set at 31 December 2020. The European Parliament proposed the cut-off date of 31 December 2019, and the Council proposed that the cut-off date should be set as 31 December 2021. The final compromise sets the cut-off date at 31 December 2020, which was the Commission's proposal. This means that products covered by this regulation can only be placed on the EU market or exported if they have not been produced on land that has been deforested after the 31 December 2020 date.

9.4.5. Human rights

Taking into account human rights and the rights of indigenous peoples has been supported by the EU Council and Parliament. However, Parliament called for several conditions to be added to the text, such as the obligation to monitor compliance with international human rights instruments, whether or not the country of production has ratified them. The European Parliament called for several other human rights obligations to be added to the text, including the obligation to consider free, prior and informed consent (FPIC) as an established human right with veto implications. *The final compromise kept the Council's General Approach of verifying compliance with the laws of the country of production and a reference was added to the principle of FPIC, rather than a right.*

- *European Parliament 2021/0366(COD) Deforestation Regulation [online]. Available from:
[https://oeil.secure.europarl.europa.eu/oeil/popups/ficheprocedure.do?lang=en&reference=2021%2F0366\(COD\)](https://oeil.secure.europarl.europa.eu/oeil/popups/ficheprocedure.do?lang=en&reference=2021%2F0366(COD))*

9.4.6. Checks

The issue of checks was also addressed in the negotiations. The Commission, the Council and Parliament discussed how thoroughly companies and traders should be controlled to comply with the deforestation regulation. In its original text, the Commission proposed a system of checks whereby no percentage of controls was proposed for low-risk countries, but controls in these countries would be carried out on the basis of a risk analysis. The Commission proposed 5 % controls for standard risk countries and 10 % controls for high risk countries. The European Parliament proposed stricter controls for all countries as follows: 5 % checks for low risk countries, 10 % checks for standard risk countries and 20 % checks for high risk countries. The Council of the EU in its general approach, on the other hand, proposed a relaxation of controls compared to the Commission proposal. The controls proposed by the Council of the EU were no controls for low risk countries as proposed by the Commission, 5 % for standard risk countries and 10 % for high risk countries.

In the final compromise, the parties agreed that all groups, including low-risk countries, should be checked. For low-risk countries it was agreed that competent authorities should carry out controls on 1 % of operators, for standard-risk countries this is 3 % of controls on operators and for high-risk countries controls were set at 9 % of operators and commodity volumes in high-risk countries. This classification is called the benchmark system and is operated by the European Commission. The Commission will classify countries into the above-mentioned categories according to criteria such as: the rate of deforestation and forest degradation, the rate of expansion of agricultural land for the relevant commodities, and production trends for the relevant commodities and products. However, the Commission's assessment may also take into account other criteria.

9.4.7. Penalties

Related to the above are the penalties that were also discussed in the deforestation proposal. Parliament has proposed setting the maximum penalty at 8 % of the annual turnover of operators or traders. Parliament also sought to allow the European Commission to set the same penalties across the EU, and these penalties would be the same in the Deforestation Regulation as those in the forthcoming Environmental Crimes Directive. In the end, the compromise text did not provide for a blanket harmonisation of sanctions for Member States,

but added sanctions for large operators, such as a ban on the use of simplified due diligence and a temporary ban on public funding. At the same time, the negotiating parties agreed on fines of 4 % of an operator's EU-wide turnover.

However, the Regulation (EU) 2023/1115 of the European Parliament and of the Council of 31 May 2023 is substantially expanded from the proposal on timber and will significantly affect operators who will have to exercise due diligence for relevant products. Relevant products are understood to be palm oil, rubber, timber, coffee, cattle, soya, cocoa and due diligence is understood to be the collection of the required information under Article 9, under Article 10 this information has to be verified and the due diligence declaration has to be submitted through the online information system. This record of due diligence declarations will be kept by the operators for 5 years from the date of submission. In practice, this means that operators after the cut-off date of 31. 12. 2020 will be obliged to prove that no deforestation occurred during the production of the relevant commodities. In the case of timber, it will also be necessary to prove that no forest degradation has occurred. At the same time, operators will have to prove that the legislation of the country of production has not been violated during the production of the relevant products and relevant commodities.

9.5. Categorization of Enterprises

This regulation applies to primary producers of importers, but processors, traders and exporters must also comply with the regulation. At the same time, the EU Deforestation Regulation in Directive 2013/34/EU sets out the categories and their differentiation criteria. Article 33 divides the group into micro, small, medium and large enterprises. These groups must comply with all the conditions of the Regulation. For those trading in relevant commodities, the implementation of the EU Deforestation Regulation will be very challenging. These companies will be required to establish and maintain a due diligence system for the commodity or product before placing it on the EU market, submit a due diligence declaration, and will be required to update the due diligence system at least annually and make it publicly available.

9.5.1. Small enterprises

By small enterprises we mean enterprises that do not exceed at least two of the three specified thresholds at the balance sheet date. These include a balance sheet total of up to EUR 4 000 000, a maximum net turnover of EUR 8 000 000 and an average number of employees during the accounting period of 50.

9.5.2. Medium-sized enterprises

Medium-sized enterprises are enterprises that do not exceed at least two of the three thresholds at the balance sheet date - maximum balance sheet total of EUR 20 000 000, net turnover of EUR 40 000 000 and average number of employees during the accounting period of 250.

9.5.3. Large enterprises

Large enterprises are enterprises that exceed at least two of the three thresholds for medium-sized enterprises. This means that they exceed a maximum balance sheet total of EUR 20 000 000, a net turnover of EUR 40 000 000 or an average number of employees during the financial year exceeding 250.

9.5.4. Micro-enterprises

Exemptions apply only to micro and small enterprises, which can benefit from simplified obligations. Micro-enterprises are distinguished from small enterprises on the basis of the balance sheet total, which in the case of micro-enterprises must not exceed EUR 350 000, the net turnover must be up to a maximum of EUR 700 000 and the average number of employees during the accounting period is 10. Given their limited resources, these businesses find it challenging to comply with the regulatory conditions set out in 2023/1115 and therefore have been subject to the special rules set out in Directive 2013/34/EU.

Micro-enterprises are obliged to keep records of business transactions like other enterprises, but there should be a simplification by Member States from some of the obligations applied by small enterprises, which could impose an excessive administrative burden on micro-enterprises. For example, micro-businesses should be exempted from the general requirement to publish any accounting documents, but only if this information is transmitted

to the business register and a copy can therefore be requested. At the same time, if a micro-enterprise wants to disclose the information required of medium and large enterprises because of the potential benefits, it should not be prevented from doing so.

In the very introduction of the proposal on deforestation, the author mentioned that the EU Regulation against deforestation is based on Regulation 995/2010, which sets out the obligations of operators marketing timber and timber products. This regulation is also known as the "Timber Regulation" and the effectiveness in the EU of this regulation was from 2013, in the Czech Republic this regulation was specifically implemented by Act No. 226/2013 Coll. *The EUTR prohibits the placing of illegally harvested timber and related timber products on the EU market.* Part of the implementation of the new EU Deforestation Regulation is the transition from the EUTR to the EUDR for timber and timber products. This means that timber and timber products regulated by the EUTR (EU Regulation 995/2010) will continue to be subject to the EUTR without change, but only until the date of 30. 12. 2024. Timber products that were produced before 29. 6. 2023 and placed on the EU market between 30. 12. 2024 and 31. 12. 2027 will continue to be covered by the original EUTR. And timber products that were manufactured before 29. 6. 2023 and placed on the EU market from 31. 12. 2027 will be covered by the rules of Article 3 of the new Regulation (EU) No 2023/1115 (EUDR).

- Comparing the former EUTR and upcoming EUDR: Some implications for private sector and authorities, Margret Köthke [online]. Available from: <https://www.sciencedirect.com/science/article/abs/pii/S1389934123001740>

The enforceability of the EU EUDR is set at 30/12/2024 and the regulation is valid from 30/06/2025. At the moment, EU Member States are working on implementation, so it is not yet possible to assess how effective and efficient the EU Deforestation Regulation will be in practice. Member States are only slowly starting implementation and so far several have raised complaints about the difficulty of implementation.

10. Conclusion

The aim of this thesis was to evaluate the Czech Presidency that took place in 2022, specifically the author focused on the EU regulation on deforestation, which she had the opportunity to work on personally during her internship during the Presidency.

In the theoretical part, the author focused on explaining the basic concepts, the history of the EU and the agreements that define the EU, at the same time in the theoretical part there was also a description of the theory of externalities, which is related to the main topic of this thesis, as well as a chapter on Economy and environment and Economy and Green Deal, which again is very closely related to this study. The Czech Republic did not hold the Presidency of the Council of the EU for the first time, but for the second time, and therefore within the theoretical part the author also describes the first Czech Presidency, which took place in 2009, and then the second and so far last Czech Presidency, which took place in 2022, was described.

In the practical part of this thesis, the author described the proposal that was presented by the Commission and described what comments the European Parliament and the Council of the EU had on this proposal. The three parties worked together to agree on a compromise text, which the Council in the EU, led by the Czech Republic, worked hard to achieve.

The EU deforestation regulation was finally approved during the Czech Presidency on 5 December 2022, when a preliminary agreement was negotiated during the last trilogue. The Czech Presidency convened several technical meetings for the deforestation proposal, with input from experts in this field from each Member State. At the same time, the Ad Hoc Working Party on Deforestation met on 26 October, 22 and 23 November and on 15 December 2022 and Coreper was debriefed on 28 September, 11 November and 7 December 2022.

At the same time, the author included in the practical part of the research interviews with 3 respondents who were actively involved in CZ PRES in the field of EU deforestation regulation. These respondents were asked the same 10 questions and answered them independently. The answers of the respondents were then evaluated and compared by the author.

As already mentioned, the first part of the practical part dealt with the Commission's proposal as presented and the compromise text of the Commission, Council and Parliament proposal is described at the end of the practical part. These parties have agreed on the final text of the EUTR, which is defined in 2023/1115 and replaces the original Timber Regulation (EUDR).

In general, the statements of the respondents indicate that the Czech Republic was prepared for its role in the Council and the results and feedback from the Czech Presidency have been positive. This statement is confirmed by the author, who had the honour to participate in the Presidency internship and to cooperate in the approval of the EU regulation on deforestation. In the theoretical part, the course of the first Czech Presidency in 2009 was described, while the course of the Czech Presidency in 2022 was also described, and it can be assessed that the second Czech Presidency was significantly more successful thanks to the hard work of all those involved in CZ PRES 2022.

Overall, it can be said that the stated objectives of this thesis were met. The aim of the thesis was to analyse the tasks of the Presidency, their importance for the development of the EU, which was done in the theoretical part of the thesis. The main objective of this thesis was to evaluate the Czech Presidency and to incorporate a detailed analysis of the Agri-Environmental Policy Council, specifically the discussion on deforestation and forest degradation, which was carried out in the practical part.

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