

Czech University of Life Sciences Prague

Faculty of Economics and Management

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Master's Thesis

The position of the Czech Republic within the EU

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DIPLOMA THESIS ASSIGNMENT

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European Agrarian Diplomacy

Thesis title

The position of the Czech Republic within the EU

Objectives of thesis

The diploma thesis aims to evaluate the Czech Republic after joining the EU in economic, social, political and geographical terms. A partial goal is to evaluate the importance of the Czech Republic's accession to NATO and the OSCE.

Methodology

The theoretical part of the thesis will focus on the assessment of the European philosophy behind its integration policies and treaties. It will assess the institutions of the EU in the context of this study. The analytical part will be mainly based on secondary data collection, especially the World Bank, CZSO, Eurostat Yearbooks and EUR-Lex. A description and comparison of the Czech Republic within the EU will be made. An overall assessment of the EU single market and the four fundamental freedoms will be made. The thesis will evaluate the basic priorities of the Czech Republic as an EU member state. The document analysis method will be used.

The proposed extent of the thesis

60-80 pages

Keywords

the Czech Republic, the European Union, EU member state, EU single market, the NATO, the OSCE.

Recommended information sources

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Declaration

I declare that I have worked on my bachelor thesis titled "The position of the Czech Republic within the EU" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break any copyrights.

In Prague on (28th) March, 2024

Natalya Yaslyk

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The position of the Czech Republic within the EU

Abstract

This diploma thesis analyses the position of the Czech Republic within the European Union, its historical, political, economic, and cultural factors that have influenced its role in the EU. The emphasis is made on the relationships with the EU, on impact of the key EU policies and initiatives on the Czech Republic. The research analysis starts with a historical overview of European integration, considering the Eurozone and Schengen Agreement and other European treaties. In addition, the study examines internal factors that influence Czech policy towards the EU, such as political dynamics and public opinion.

This thesis assesses the impact of the Czech Republic's EU membership on its economy, politics, trade relations and regional development. It also looks at the wider implications of EU membership for a country's sovereignty and identity. The results suggest that the Czech Republic performs above average in the long-term economically in comparison to other member states, specifically in terms of the average annual GDP increase, inflation increase and unemployment rates. Furthermore, the Czech Republic remains vulnerable to loss of sovereignty, culture and brain drain effects due to high influx of migrants which maintain certain industries of the country. Despite this evidence, the Czech government maintains its position of promoting inclusion and aligning its position with the stance of the EU Commission and government.

Keywords: EU institutions, EU membership, EU policies, EU presidency, EU integration, EU history, market, treaties, NATO, the Czech Republic, the European Union, Schengen area

Postavení České republiky v rámci EU

Abstrakt

Tato diplomová práce analyzuje postavení České republiky v Evropské unii, její historické, politické, ekonomické a kulturní faktory, které ovlivnily její roli v EU. Důraz je kladen na vzájemné vztahy s EU, na dopady klíčových politik a iniciativ EU na Českou republiku. Výzkumná analýza začíná historickým přehledem evropské integrace s přihlédnutím k eurozóně a Schengenské dohodě a dalším evropským smlouvám. Dále se diplomová práce zabývá vnitřními faktory, které ovlivňují českou politiku vůči EU, jako je politická dynamika a veřejné mínění.

Práce hodnotí dopad členství České republiky v EU na její ekonomiku, politiku, obchodní vztahy a regionální rozvoj. Zabývá se také širšími důsledky členství v EU pro suverenitu a identitu země. Výsledky naznačují, že Česká republika dosahuje dlouhodobě nadprůměrných hospodářských výsledků ve srovnání s ostatními členskými státy, konkrétně z hlediska průměrného ročního růstu HDP, růstu inflace a míry nezaměstnanosti. Kromě toho zůstává Česká republika zranitelná vůči ztrátě suverenity, kultury a efektům odlivu mozků v důsledku vysokého přílivu migrantů, kteří udržují některá průmyslová odvětví země. Navzdory těmto důkazům česká vláda setrvává na svém stanovisku podporovat inkluzi a sladit svůj postoj s postojem Evropské komise a vlády.

Klíčová slova: EU Instituce, členství v EU, politiky EU, předsednictví EU, integrace EU, historie EU, trh, smlouvy, NATO, Česká republika, Evropská unie, schengenský prostor.

Table of Contents

Table of Contents	8
1. Introduction	10
2. Objectives and Methodology	11
2.1. Objectives.....	11
2.2. Methodology	11
3. Theoretical Part.....	12
3.1. European Integration	12
3.1.1. Philosophy behind the European integration	14
3.1.2. European Treaties	17
3.1.3. Member states of the EU.....	20
3.2. Institutions of the EU	24
4. Analytical Part.....	28
4.1. Single market of the European Union and the Czech Republic	28
4.2. The Czech Republic's accession to the EU (2004)	34
4.2.1. Economy and politics of the Czech Republic before the accession.....	38
4.2.2. Economy and politics of the Czech Republic after the accession.....	43
4.3. Individual stages of the economic development of the Czech Republic.....	45
4.3.1. Characteristics of stage I - period 2004-2009	50
4.3.2. Characteristic of the stage II - period 2010-2015	51
4.3.3. Characteristics of stage III - period 2016-2020	51
4.3.4. Characteristics of stage IV - period 2020-2022	52
4.4. The Czech Republic's economic position among member states	53
4.4.1. GDP.....	53
4.4.2. Inflation.....	55
4.4.3. Unemployment.....	55
4.4.4. Trade Balance	56
4.5. The Czech Republic's accession to NATO and OSCE.....	56
4.6. Evaluation of the benefits of entry of the Czech Republic to the EU	61
4.6.1. Positive Aspects	61
4.6.2. Negative Aspects.....	64
4.7. EU Presidency	67
4.7.1. EU Presidency in 2009.....	69
4.7.2. EU Presidency in 2022.....	73
5. Discussion.....	76
6. Conclusion.....	78

7. Bibliography	79
8. List of Figures.....	92
9. List of Tables	93

1. Introduction

The Czech Republic is a landlocked country located in central Europe, sharing a border with Germany, Poland, Slovakia and Austria. The country throughout its rich history has transitioned from being a Duchy, to being a part of the Holy Roman Empire and eventually becoming part of the European Union (EU). The Czech Republic has a higher GDP growth rate in comparison to the EU average, while maintaining its own currency of the Czech crown (CBA Monitor, 2024). The country remains known for its automobile industry and engineering feats, as well as a rich culture and beautiful architecture which attracts millions of tourists every year (Omondi, 2019).

At the time of its accession to the EU, the Czech Republic was one of ten other countries that became a part of it (European Union, 2004). Since, the Czech Republic has contributed towards the development of the European Union through its representatives in the European Parliament, has benefited and contributed towards the free open market, and reformed itself to reduce economic and social disparities and gain a stronger international presence in politics (Ministerstvo Životního Prostředí, 2008).

Despite this development, the benefits and drawbacks of EU membership are shifting and being evaluated by the members of the public in the Czech Republic. This provides a demand for the assessment of the Czech Republic's role in the EU, and assessing its position regarding its historical, economic, political and cultural factors. With economic indicators still recovering from the COVID-19 pandemic (2020-2021), member states have experienced further economic downturns following the Russian invasion of Ukraine in 2022 and the subsequent increased inflation as a result of rising energy prices and increased imports (European Commission, 2022). The Czech Republic has been one of the most open countries for the Ukrainian refugees and continues to support the Ukrainian effort (UNHCR, 2023).

2. Objectives and Methodology

2.1. Objectives

The diploma thesis aims to evaluate the Czech Republic after joining the EU in economic, social, political and geographical terms. A partial goal is to evaluate the importance of the Czech Republic's accession to NATO and the OSCE.

2.2. Methodology

The theoretical part of the thesis will focus on the assessment of the European philosophy behind its integration policies and treaties. It will assess the institutions of the EU in the context of this study. The analytical part will be mainly based on secondary data collection, especially the World Bank, CZSO, Eurostat Yearbooks and EUR-Lex. A description and comparison of the Czech Republic within the EU will be made. An overall assessment of the EU single market and the four fundamental freedoms will be made. The thesis will evaluate the basic priorities of the Czech Republic as an EU member state. The document analysis method will be used.

3. Theoretical Part

3.1. European Integration

European integration can be considered as a complicated and multi-level interaction of EU institutions with national governments of the states and that is a reason why the theoretical definition of the future of the EU has become one of the most important directions of current academia.

As of 2024, the European Union is the most prominent regional integration. The initial foundations of the current EU date back 1952 by creating three sectoral integration groups. They have evolved in their development to the deepest and the most institutionalized concept of integration within the world economy. The European Union itself was established in 1993 when the Maastricht Agreement (the Treaty on European Union) created a three-column architecture that formally adds cooperation in foreign, security and internal affairs within a common domestic market (EUR-Lex, 2018).

The main base of the EU is a monetary union with elements of an economic union. The earliest example of this concept is captured in the Benelux Economic Union, the following two relate to geopolitical changes in Europe after 1989: the Visegrad Group and the Baltic Council. The Czech Republic is a member of the Visegrad Group. The Visegrad Group (V4) is a result of cooperation between four central European states, in particular: the Czech Republic, Poland, Hungary and Slovakia. This cooperation was logically based precisely on the transformational efforts of the economies towards EU's formation (Cihelková & Hnát, 2006, pp. 55-59). The main aims of this group were: cultural, economic, military affairs and further integration into the EU and the Euro-Atlantic structures. The V4 was established in 1991 after the acceptance and signing of the Visegrad Declaration by the leaders of Czechoslovakia, Hungary, and Poland (Visegrad Group, 2006).

In 1992, the Central European Free Trade Agreement (CEFTA) was created based on the V4, which was referred to as a “preparation” of integration to the EU enlargement. The main goals of this agreement were: to join the European political, legal, economic, security systems and strengthen free-market economics. Apart from that, the focus was made on joining NATO.

The CEFTA was created when the Czech Republic and Slovakia were one state – Czechoslovakia or the Czechoslovak Socialist Republic (CSFR). On January 1st, 1993, this state was divided into two independent states: the Czech Republic and the Slovak Republic. This is a reason why the year 1993 in Czech foreign policy was filled with active actions aimed at the accession of the independent Czech Republic to agreements and international legal acts (Visegrad Group, 2006).

In relation to the EU, the primary issue was the assurance that the Czech Republic would continue to keep its own strategic goal of striving for full membership in the EU. Following this fact, the subsequent important task of the Czech Republic was to rebuild the negotiation process regarding the conclusion of the European Association Agreement, which was previously signed by the Czechoslovak Socialist Republic (CSFR). Changes that took place in Czechoslovakia after the Velvet Revolution in 1989 year, brought in addition to political and social changes, the necessity to create a completely new concept of foreign policy and its orientation. The foreign policy of Czechoslovakia during that time was being implemented primarily by the Minister of Foreign Affairs - Jiří Dienstbier and President Vaclav Havel with the support of his advisor Aleksandr Vondra. At the turn of 1989 and 1990 year, very popular was the slogan "Back to Europe", which clearly defined goals of the future Czechoslovakia's foreign policy direction, which means that Czechoslovakia had a strong intention to join the European Union (Ministerstvo zahraničních věcí České republiky, 2010).

As aforementioned, the main instrument that could have provided the European integration of Czechoslovakia was a "Europe Agreement" or "Association Agreement". Thus, Czechoslovakia started negotiations with the EU regarding the conclusion of such an agreement in December 1990. At the end of the following year, the European Agreement on the Association of the Czechoslovak Socialist Republic (CSFR), Hungary and Poland to the European Communities was signed. However, negotiations between the CSFR and the EU in the second half of 1992 were primarily focused on the consequences of the disintegration of the CSFR and the formation of the Czech Republic and the Slovak Republic. Thus, at that time the EU suspended the ratification process of the Association Agreement (Visegrad Group, 2006).

After the Czech Republic gained its independence in 1993, foreign policy encountered several challenges and difficult tasks that were the basis for the further development of the sovereign of the Czech Republic within Europe. In this regard, the government of the Czech Republic developed and presented a strategic document that defined and formulated the further direction of the state's development and the goals of its foreign policy — “The concept of foreign affairs of the Czech Republic” (Kavan, 1999, p. 5). The main aim according to this concept was preparation of the prerequisites for the Czech Republic to become a full member of the EU. On October 4th, 1993, the Czech Republic concluded an Agreement on the European Association, which was considered the initial stage on the way to full membership in the EU.

On January 17th, 1996, the Czech government submitted an official application for the country's accession to the EU. After the European Parliament announced the results of the European Commission - "Agenda 2000" in July 1997, detailed content of the membership criteria was disclosed. The Commission's recommendations were recorded in that document, it implemented a strategy of so-called "entry waves" based on a differentiated approach to candidates considering an objective assessment of their readiness for accession. Summarizing the readiness of the candidate country to negotiations, the Commission together with recommendations from other areas of communitarian policy offered to start negotiations with only five countries, including the Czech Republic. It was found that mostly in all sectors of the Czech industry no concerns were raised with its integration into the EU market if the restructuring and modernization of the economy continued (Kavan, 1999, pp. 10-12).

To conclude, the European Union established itself as the main geopolitical and economic union of the European continent. From the point of political and economic view, the complexity of integration into the EU cannot be compared with other intergovernmental unions in the world.

3.1.1. Philosophy behind the European integration

The idea of uniting Europe into a single community dates back to the Roman Empire and to later attempts at unification by force of Charlemagne and Napoleon Bonaparte. The matter of integration within the European framework was also raised by outstanding thinkers

- by Immanuel Kant, Jean Jacques Rousseau, Victor Hugo, and others (Yepremyan, 2021, p.35).

Since the actual idea of a unified Europe is not substantively new, it should be noted that right after the Second World War, an integration process within the continent, which is marked as the beginning of the creation of the European Union in its current form, can be considered as the most successful attempt at European integration.

The analysis of the theoretical foundations of European integration is important in order to assess its structure and gain a deeper understanding of the role each member state has within the union. Integration as an economic phenomenon was founded in the middle of the 19th century, however as a final formed process, it has existed only since the second half of the 20th century.

The concept of "integration" was introduced by R. Shmed, H. Kelsen and D. Schindler, whose developments were based on the research of their predecessors, in particular E. Durkheim. Transferring the concept of "integration" to the sphere of analysis of social relations, the specified authors had in mind unification of people or even states in a certain socio-political community (Yakovyuk, 2013, p.78).

The concept of "European economic integration" entered scientific circulation in the late 1940s and early 1950s, when it was applied to the process of formation of supranational economic communities in Europe by the American administrator of the "Marshall Plan" P. Hoffmann. A meaningful distinction happened between the concept of "integration" and other terms that are similar and were often used as synonyms (Yakovyuk, 2013, pp.78-79).

Theoretical foundations of European integration can be distinguished into two groups with "economic" and "political" directions. Economic direction is a process of general economic integration of the EU, in particular: the formation of the economic and monetary union of the EU and, the formation of a common market. As for the sphere of political integration, is a more complex process and includes common foreign, security and defense issues. Therefore, the simultaneous combination or even synthesis of different types of integration approaches can be especially useful under new conditions and challenges to European integration (Yakovyuk, 2013, pp.83-84).

The main economic approaches in the study of integration processes include liberalism (market approach) and institutionalism (market-institutional approach). In the early research stages of the integration processes, European integration is equated with trade and payment liberalization. Furthermore, there are also political approaches to the study of European integration processes.

Theoretical justification of the integration processes in the European continent is primarily associated with the scientific schools of federalism. Federalism advocates the idea that at the basis of relations between countries, which are integrated, there should be a model of the union state (federal state), the formation that is simultaneously considered as a final product, because of integration. However, scholars such as Mitrany (1948, pp. 350-356) denied the idea of federalism and made an effort to prove the impracticality of the formation of static artificial and restrictive federal association, defining it as a “delusion federalization”. Moreover, Mitrany (1948, p. 362) formulated and substantiated ideas that are already present today: the role and significance of the creation of new subjects of international relations - international organizations.

Attempts to explain the uniqueness of the EU, to find answers to questions that arise in the process of integration, and which could not be answered by supporters of classical federalism and functionalism, led to the creation of neo-functionalism (Haas, 1961, pp. 373-374). A significant contribution to the development of the concept of neo-functionalism was made by A. Marshall, who developed the theory of continental integration. The essence of integration, according to A. Marshall's concept is the development of a feeling of solidarity between different nations. Therefore, according to the position of this economist, the first form of integration should be social, followed by political and economic. Until the mid-1990s, neo-functionalism concept remained “de facto” as the main theoretical direction of European integration research. However, after the signing of the Maastricht Agreement, which made significant changes and adjustments to the internal and external policy of the EU, traditional theories of European integration needed a reassessment (Hogan, 1984, pp. 342-350). Therefore, a new perspective on the European integration process and the determination of the role of the states and supranational institutions in it, was proposed by the theory of new institutionalism. New institutionalism puts the success of integration in dependence with the effective activity of supranational institutions.

Thus, integration can be considered to be a complex and often contradictory phenomenon. Even though integration is a consequence of awareness of the need for a joint solution to the problems of our modern time, it can also create conditions for the formation of international (interstate or supranational) political institutions as well as being able to result in a confrontation of various socio-political forces, parties, and states.

3.1.2. European Treaties

European Treaties or Treaties of the European Union are international agreements concluded between the EU member states. They are the basis of the EU legal system and are binding agreements between the EU member countries.

EU law has a supranational legal nature, as it has supreme legal force over the national law of the Member States. In accordance with the principle of the rule of EU law - any rule of the Union law, regardless of the form in which it exists, has superior legal force in the national legal order of each Member State to any rule of law of such a state. (European Union, n.d.-a).

The main treaties of the EU include the first treaty that established the European Coal and Steel Community (ECSC), signed in 1951, after it, the treaty that established the European Economic Community (EEC) which was signed in Rome in 1957 - The Treaty of Rome. Five more were concluded, in particular: The Single European Act (1986), the Maastricht Treaty (1992), the Treaty of Amsterdam (1997), The Treaty of Nice (2001), and the Treaty of Lisbon (2007) (European Union, n.d.-a).

In 2003, the EU drafted a Constitutional Treaty, which was intended to replace all existing treaties and become the only legal document governing the EU. However, after the referendums in France and the Netherlands in 2005 it was rejected, and the Lisbon Treaty was drafted as a replacement. However, it was controversial due to its similarity to the failed Constitution and was rejected in a referendum in Ireland in 2008. Eventually, it was ratified following the second successful referendum in Ireland, and the Lisbon Treaty entered into force in December 2009 (European Union, n.d.-a).

The treaty that established the European Coal and Steel Community (ECSC) is also known as the Paris Treaty was concluded in 1951, and entered into force in 1952,

subsequently expiring in 2002. The main goal of it was to create independence and a single market in coal and steel within the member states. The European Union (n.d.-a, n.p.) specifies the provisions of this agreement as:

- *The elimination of customs duties between Member States.*
- *The establishment of an external Common Customs Tariff.*
- *The introduction of common policies for agriculture and transport.*
- *The creation of a European Social Fund.*
- *The establishment of a European Investment Bank.*
- *The development of closer relations between the Member States.*”

After the treaty had expired, the provisions for the coal and steel industries were integrated into the treaties establishing the European Community and the Treaty of Rome.

The European Economic Community (EEC) was signed in 1957 and was adopted in 1958. The Treaty of Rome was the founding treaty of the European Economic Community, which later became the EU. The Treaty established four institutions - the Commission, the Council of Ministers, the European Parliament, and the Court of Justice. The Treaty focused on economic cooperation. The main aim was to establish closer cooperation on a range of economic and trade issues, from agriculture to foreign aid, from trade to taxation. It also set out a broader political vision of closer union to remove the barriers that might divide Europe (European Union, n.d.-a).

The Single European Act (SEA) was signed in 1986 and adopted in 1987. This treaty was the first attempt by member states to amend the agreements reached under the Treaty of Rome. The main consequence of the SEA was the establishment of a deadline for the creation of a complete single market by 1992. The agreement abolished restrictive practices in several areas of private enterprise, as well as in the public sector. It also contributed to deepening integration by facilitating the adoption of laws, strengthening the European Parliament, and laying the groundwork for a European foreign policy (European Union, n.d.-a).

The Maastricht Treaty or Treaty on the European Union was signed in 1992 and adopted in 1993. This treaty gave evolution to two broad processes: the expansion of the European Community's responsibilities and the deepening of its integration. The Treaty amended the provisions of the Treaty of Rome, while significantly advancing the agenda set out in the Single European Act to deepen the European Political Union (EPU), especially in the areas of social policy and the Economic and Monetary Union (EMU). It also introduced a new model of Community-based on three 'pillars', broadly covering economic relations, foreign policy, justice and home affairs. It gave the EU Parliament greater decision-making influence through the co-decision-making procedure, developed the concept of European citizenship and created the principle of subsidiarity. It also changed the name of the organization to the European Union (EU) (European Union, n.d.-a).

The Treaty of Amsterdam was signed in 1997 and adopted in 1999. The most symbolically important aim of the Amsterdam Treaty was to create the groundwork for the future accession of ten new member states, mostly from Eastern Europe. It incorporated the Schengen Convention into EU law, creating open borders between the 12-member states, and expanded the role of the Common Foreign and Security Policy (CFSP) by creating the post of High Representative, who assumed overall responsibility for the EU's foreign policy. Most significantly, however, it changed the EU's decision-making process by expanding the number of decisions taken by qualified majority vote (QMV) (European Union, n.d.-a).

The Treaty of Nice was signed in 2001 and adopted in 2003. This treaty was another attempt to find effective means to advance the process of European integration. Much of the Treaty's text was devoted to reforming the EU's decision-making process. It expanded the by qualified majority vote (QMV) in the Council of the EU, changed the way the President of the Commission is elected, gave the President the power to dismiss individual Commissioners and set limits on the future number of Commissioners. Finally, it announced the need for another intergovernmental conference to draft the EU Constitution (European Union, n.d.-a).

The Treaty of Lisbon was signed in 2007 and was adopted in 2009. It was created to replace the rejected EU Constitution. The Treaty clarified the role of European bodies and institutions, clearly defined the EU's goals, and strengthened the measures aimed at achieving these goals (Civitas, 2015). Thus, it changed the way decision-making in the EU

is carried out and abolished the pillar structure laid down in the Maastricht Treaty. It expanded the areas in which the Commission can propose legislation, made QMV the default voting method in the Council and created two high-profile bodies: High Representative of the Union for Foreign Affairs and Security Policy and the permanent President of the EU, while giving a greater EU legal independence in concluding new agreements. It introduced the Charter of Fundamental Rights (CFR) into the European law, which enshrined human rights standards for all EU countries (Poland, the UK, and the Czech Republic opted out of the CFR). Ireland and the United Kingdom also received the right to opt in or out of any justice and home affairs policy. Following Ireland's withdrawal from the Lisbon Treaty in 2008, protocols were added to guarantee Ireland's military neutrality. Apart from this, the Treaty introduced a procedure for states to terminate their EU membership (Civitas, 2015).

3.1.3. Member states of the EU

The European Union (EU) is a partnership of 27 European states, referred to as member states or the EU countries. Together they cover most of the European continent. Even through such institutions as European Parliament, European Commission and Court of Justice and others are very important for the EU, member states are the main actors, which play very important role in making the EU policy and in the European integration of potential members (European Union, 2024).

At its initial formation, only 6 countries were part of the EU: Belgium, France, Germany, Italy, Luxembourg and the Netherlands. Before 31st of January 2020, there were 28 member states and as of 2024 there are 27 member countries which are provided in the following table 1:

Table 1 – Member states of the EU (as of March, 2024)

Country	Date of joining the EU
Austria	January 1, 1995
Belgium	January 1, 1958
Bulgaria	January 1, 2007
Croatia	July 1, 2013
Cyprus	May 1, 2004
The Czech Republic	May 1, 2004
Denmark	January 1, 1973
Estonia	May 1, 2004
Finland	January 1, 1995
France	January 1, 1958
Germany	January 1, 1958
Greece	January 1, 1981
Hungary	May 1, 2004
Ireland	January 1, 1973
Italy	January 1, 1958
Latvia	May 1, 2004
Lithuania	May 1, 2004
Luxembourg	January 1, 1958
Malta	May 1, 2004
The Netherlands	January 1, 1958
Poland	May 1, 2004
Portugal	January 1, 1986,
Romania	January 1, 2007
Slovakia	May 1, 2004
Slovenia	May 1, 2004
Spain	January 1, 1986
Sweden	January 1, 1995
The United Kingdom	January 1, 1973 Left: January 31, 2020

Source: European Union (2023b)

In June 2016, the United Kingdom had a referendum in which citizens had to decide whether they want to leave the European Union or remain in it. A total of 33,577,342 people took part in the referendum, with a turnout of 72.2%. According to the results of the referendum, 52% voted to leave and 48% voted to remain. On 31st of January 2020, the United Kingdom officially left the European Union, beginning an 11-month transition period (SchengenVisaInfo, 2018). However, the following candidate countries to enter the EU membership are considered (European Union, 2023b):

- Albania
- Bosnia and Herzegovina
- Georgia
- Moldova
- Montenegro
- North Macedonia
- Serbia
- Turkey
- Ukraine

Potential candidate to become EU member states:

- Kosovo

The EU has a set of functions and fundamental goals to justify its existence. All the member states work together to maintain the main aims and values, which include:

- Peace in Europe - After the creation of the European Union there have been no more wars between the countries that are part of the European Union. Because of the European Union all the countries in Europe work together in peace and harmony. In 2012, the EU received the Nobel Peace Prize, awarded for its level of unity and cooperation in keeping peace in Europe.

- People live well - The European Union has made it easier for people to move freely between the member states. People can live, study or work in any country in the European Union. Goods, services and money can also move freely from one EU country to another. This zone is referred to as the Schengen area. The Schengen area does not have borders;

thus, people and goods travel freely within it. They do not need to undergo checks and controls when moving between countries. Due to the establishment of the Schengen area, it has become easier for people to travel for work or tourism.

This area was established in 1985. As of 2024, 23 out of 27 countries of the European Union are part of the Schengen area. These countries include Austria, Belgium, Croatia, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Slovenia, Slovakia, Sweden, Spain (EUR-Lex, 1985; German Federal Foreign Office, 2023).

Apart from the listed member state countries, 4 further countries located outside the EU are part of the Schengen Area. These countries include Iceland, Liechtenstein, Norway and Switzerland.

- Everything is fair and no one is left behind – the EU takes care of millions of people who live in poor countries outside the European Union and tries to make the world a safer place, where people are treated fairly, and the laws are respected.

- Languages and cultures are respected – the EU protects the right of the people to speak their own language and have their own culture and religion, considering the fact that every EU country has its own language and cultural traditions.

- Strong European economy and the same currency for countries - this currency is called euro. Using the same type of money simplifies the process of doing business in the EU countries and makes it easier for people to travel and buy things online. However, not all the EU countries have currency in euro, only 20 of them. It means that 7 countries do not use euro and have their own national currency. These countries are Bulgaria, the Czech Republic, Denmark, Hungary, Poland, Romania, Sweden (European Union, 2023a).

The European Union is a supranational governance organization that includes within its territorial boundaries states that have subordinated their national institutions to the EU in exchange for the benefits of “shared sovereignty” and thus reduced their own governmental autonomy and control over national constituencies (Williams, 1990, p. 312).

3.2. Institutions of the EU

The Czech Republic as a member state of the EU, participates in all the institutions of the EU, in particular:

- The European Parliament - The Czech Republic elects 21 Members of the European Parliament (MEPs) for a five-year term.
- The European Council - The Czech Republic is represented in the European Council by its Prime Minister.
- The Council of the European Union - The Czech Republic is represented in the Council by its relevant ministers, depending on the policy area under discussion.
- European Commission - The Czech Republic nominates one member of the European Commission for a five-year term.

In addition to these main institutions, the Czech Republic also participates in other EU bodies and agencies: the Court of Justice of the European Union, the European Central Bank, the European Court of Auditors, the European External Action Service, and the European Economic and Social Committee.

The Czech Republic has not yet adopted the euro as its currency and is not a part of the Eurozone Area. However, it is fully integrated into the EU's internal market and participates in most EU policies and programs. The country's relations with the EU are influenced by a variety of factors, including its historical experiences, its geopolitical location, and its economic and political priorities.

The institutions of the EU or European institutions are organizations that are involved in the decision-making and administration of the European Union. Decision-making function means that they are a part of executive, legislative and judicial power of the EU, such as Commission and the Court of Justice. Institutions of the EU cannot be separated from the politics of the EU. Politics of the European Union has strong connection with the EU law, which starts from EU treaties and includes secondary law produced by the EU institutions in the form of decisions, recommendations, directives, and regulations (Hodson, 2021, p.5). Politics of the EU are operated through its institutions, which try to navigate through changes on the world's political arena. Besides, the European institutions attract public opinion and

now they are politicized: they are subjects of public discussions, debates, and contestation (Schmidt, 2019, pp. 1018-1022).

The European Parliament (established in 1952 as Common Assembly of the European Coal and Steel Community, from 1962 as the European Parliament) - the directly elected legislative body of the EU, representing the citizens of the member states. It shares the power to make laws and approve the EU budget with the Council of the European Union. It also supervises the work of the European Commission and other EU bodies. The European Parliament also cooperates with national parliaments on European affairs. This cooperation can have different forms. For instance, the presidents or speakers of each national parliament and the European Parliament meet every year and determine the general directions of this cooperation. EU affairs committees of national parliaments and committees of the European Parliament meet regularly within the framework of the Conference of Parliamentary Committees on EU Affairs (COSAC). Committees of the European Parliament and national parliaments often invite their colleagues to discuss specific EU proposals. In addition, video conferencing gives parliamentarians the opportunity to stay in touch and discuss current issues. The overall goal is always to assimilate relevant people for each topic promptly. In general, the main roles are legislative, supervisory, budgetary. European Parliament has three official seats in Brussels, Strasbourg, and Luxembourg (European Parliament, n.d.).

The European Council has had a formal status since 1992 and became an official EU institution in 2009. This institution is considered as the summit of the heads of state or government of the EU member states, along with the President of the European Commission and the President of the European Council. It sets the overall political direction and priorities of the EU; however, it does not create laws with the exception of EU treaty amendments. It also deals with complex or sensitive issues that cannot be resolved at lower levels of intergovernmental cooperation. This institution asks the European Commission to make a proposal and pass it to the Council of the EU. The European Council meets four times per year; however, the President can set up additional meetings for urgent cases. The official seat is in Brussels, Belgium.

The Council of the European Union (established in 1958 as Council of the European Economic Community). This is the main decision-making and policy-making body of the EU, representing the governments of the member states. It shares the power to make and

amend laws and adopt the EU budget with the European Parliament. It also coordinates the economic foreign policies of the member states and security policy. It meets in different configurations, depending on the topic, and its presidency rotates among the member states every six months.

The European Commission (established in 1958) - is the executive power of the EU, representing the general interest of the EU as a whole. It proposes new laws and policies, implements the decisions of the European Parliament and the Council of the European Union, and supports the daily operations of the EU. It also acts as the guardian of the EU treaties and the enforcer of EU law. Together with the Court of Justice, they ensure that the EU is properly applied in all the member states. It consists of a team of 27 Commissioners, one from each member state, led by the President of the European Commission – as of 2024 the position is held by Ursula von der Leyen. The official seat is in Brussels, Belgium (European Union, n.d.-b).

The Court of Justice of the European Union (CJEU established in 1952) – institution, that interprets EU law to ensure that it is applied equally in all EU countries and resolves legal disputes between national governments and the EU institutions. In certain cases, it can also be used by individuals, companies, or organizations to bring a claim against an EU institution if they believe that it has infringed their rights in some way. It consists of two courts: the Court of Justice and the General Court. It can also give preliminary rulings to national courts on questions of EU law. The CJEU has the power to annul EU acts, sanction EU institutions, and order member states to comply with the EU law. The CJEU is based in Luxembourg and has one judge from each member state, plus 11 advocates general in the Court of Justice and two judges from each member State in the General Court (Court of Justice in the European Union, 2023).

The European Central Bank (ECB established in 1998) manages the euro and implements the economic and monetary policy of the EU. The official seat of ECB is at Frankfurt, Germany. It serves as the central bank for the European Union countries that have adopted the euro. Its primary mission is to maintain price stability within the euro area, thereby safeguarding the purchasing power of the single currency. The main goals of this institution are (European Central Bank, 2024):

- Price Stability - To keep inflation low, stable, and predictable. Therefore, it helps individuals and businesses plan their savings and expenditures.
- Monetary Policy - Formulates and implements monetary policy for the euro area. It means that its decisions impact interest rates, money supply, and overall economic conditions.
- Digital Euro - Exploring the development of a digital euro, which aims to complement physical cash and enhance payment options.
- Communication - Communicates its decisions and policies through press releases, speeches, and other channels.

The European Court of Auditors (ECA established in 1977) – supreme audit institution of the EU, which protects the interests of the EU taxpayers. It has no legal authority but works to improve the European Commission's management of the EU budget and reports on EU finances. The institution comprises one member from each EU member state, as of 2024 totaling 27 members (European Court of Auditors, n.d.).

4. Analytical Part

4.1. Single market of the European Union and the Czech Republic

The Single market of the European Union is a single market that allows the free movement of goods, services, capital, and persons within the territory of all EU member States (European Parliament, 2023). According to Article 26 of the Treaty on the Functioning of the European Union (TFEU), the internal market of the EU is an economic area without internal borders and the union shall take measures to establish or ensure the functioning of the internal market in accordance with the relevant provisions of the treaty (EUR-Lex, 2012).

The purpose of this market was and is to create a space - a well-functioning internal market for the exercise of four fundamental freedoms, which benefit the citizens and entrepreneurs of the EU member states. These freedoms contribute significantly to economic growth, living standards and Europe's enhanced standing on the world stage (Ministerstvo průmyslu a obchodu České republiky, 2016). In other words, the Single market is an area of free movement that provides access to goods, services, jobs, business opportunities and cultural wealth across the territory of the EU.

The right to free movement of goods within the EU member states is one of the fundamental principles of the Treaty on the Functioning of the European Union. The principle provides mutual recognition, the removal of physical and technical barriers, and the promotion of standardization (Article 28 of TFEU). This freedom includes the abolishment of customs duties and taxes with equivalent effect, the adoption of a single customs tariff in relation to third countries, the prohibition of quantitative restrictions and measures having equivalent effect, and the reform of state monopolies. The aim of these measures is to integrate the markets of the member states and to ensure the free movement of goods as if they were moving within the territory of one state (EUR-Lex, 2012).

The main rules governing the free movement of goods are as follows:

- **Prohibition of charges having an effect equivalent to customs duties** (Article 28(1), Article 30 of the TFEU.) According to the Court of Justice of the European Union (CJEU), any charge "which when imposed on goods imported from a member

state other than a similar domestic product, has the same effect on the free movement of goods as a “customs duty” by changing their price may be regarded as a charge having an equivalent effect, regardless of its nature or form (EUR-Lex, 1962; 2012).

- **Prohibition of measures having an effect equivalent to quantitative restrictions** (Article 34 and 35 TFEU). Member states are obliged to allow the movement and placing on their markets of goods lawfully produced and sold in other Member states, irrespective of quantity, and all measures having equivalent effect are prohibited between the Member states (EUR-Lex, 2012).
- **Exceptions to the prohibition of measures having an effect equivalent to quantitative restrictions.** According to Article 34 TFEU, there are some exceptions to the prohibition of measures having an effect equivalent to quantitative restrictions. In particular, the provisions of Articles 34 and Article 35 TFEU do not prevent the prohibition or restriction of imports, exports or transit of goods justified on grounds of public morality, public policy, or public security; the protection of health or life of humans, animals or plants; the protection of national treasures of artistic, historic or archaeological value; or the protection of industrial and commercial property. The following restrictions shall not constitute a means of discrimination or a disguised restriction on trade between member states in the EU (EUR-Lex, 2012).
- **Harmonization of national laws.** This measure helps to remove obstacles created by national laws and to render them inapplicable by establishing common rules aimed at ensuring the free movement of goods and products and respect for both the free movement of goods and products and other objectives of the EU Treaty, such as environmental and consumer protection, competition etc.
- **Completion of the internal market.** Free competition is one of the key elements of an open market economy. It stimulates economic performance and offers consumers a wider choice of goods and services of better quality and at more competitive prices. The European Union's competition policy ensures that competition in the Single market is not distorted by making sure that the same rules apply to all companies operating in the Single market (EUR-Lex, n.d.).

The second freedom is the free movement of services or the freedom to provide services. This freedom means that professionals, self-employed persons and/or legal persons within the meaning of Article 54 TFEU, legally established in one member state can exercise

an economic activity in another member state on a stable and continuous basis or offer and provide their services in other member states on a temporary basis, while remaining in their country of origin. This implies the elimination of discrimination on grounds of nationality and, if these freedoms are to be used effectively, the adoption of measures to facilitate their exercise, including the harmonization of national rules on access or the mutual recognition of such rules (European Parliament, 2023).

The third freedom – the free movement of capital is based on Article 63-66 TFEU. Free movement of capital enables the movement of funds within the EU, facilitates cross-border trade, promotes the mobility of workers, and facilitates the raising of capital necessary for the establishment and growth of businesses and the functioning of an integrated open and efficient internal market in which all EU citizens have an interest. In accordance with the TFEU provisions, any restrictions on the movement of capital and payments between member states are prohibited (EUR-Lex, 2012).

The movement of capital means, among other things - the transfer of value, the movement of capital from one country to another for the purpose of a specific investment, i.e., direct investment (e.g., in real estate), all with the aim of providing short, medium, and long-term credits, loans, guarantees, investments in securities, etc. Capital flows also include direct investments in the territory of the member states. Capital flows also include direct investment in the form of shareholdings in trading companies or the acquisition of securities. Direct investment is defined as investment by all types of individuals or commercial, industrial and financial companies in financial companies with a view to establish or maintain permanent and direct links between the acquiring entity and the investee direct links between the person who acquired the capital and the entrepreneur or company (trading company) from which he/she received the capital to carry out his/her business activities (Jurcevic et al., 2023, p.46).

The fourth freedom is the free movement of persons or workers. This includes the right of workers to move and reside, the right of family members to enter and reside, and the right to work in another EU member state and to be treated on an equal basis with nationals of that member state. Restrictions may only apply to the public service. This principle is enshrined in Article 45 TFEU and is a fundamental right of workers that complements the

free movement of goods, capital, and services within the European single market (European Parliament, 2023).

As the Czech Republic is part of the EU, it is obligated to provide these freedoms towards other member states as well as other member states being obligated to provide the same freedom to citizens of the Czech Republic. Since joining the EU, the Czech Republic has followed two main trends in the internal market. The first was to support the liberalization of the internal market - the removal of remaining national barriers to the internal market. Examples of this strategy include Czech calls for the end of transitional periods, free movement of workers and support for EU initiatives to further liberalize the free movement of services. However, Czech representatives criticized the gradual reduction of the initially ambitious liberalization plan contained in the Commission's proposal for the "Bolkestein Directive" (Free Movement of Services Directive) during the legislative process in the European Parliament and the Council. Czech MEPs voted in favor of the final - less ambitious version of the directive, as even the final version of the directive eliminated some existing problems and clarified some of the rules for mobility in the internal market (EUR-Lex, 2006).

The second trend that the Czech Republic has followed since joining the European Union and its Single market has been to oppose new regulatory initiatives that set new EU standards, especially in the areas of taxation or employment policy. Czech politicians have consistently vetoed EU initiatives aimed at greater tax harmonization in the EU. At the same time, the Czech Republic has not adopted any clear statements or legislative measures declaring "national sovereignty" in the field of tobacco products. The Czech Republic has also not adopted any explicit declarations or legislative measures declaring "national sovereignty" in tax policy, as, for example, the Slovak Republic did in 2007.

The full mobility of Czech workers to other EU member states was limited until May 1, 2011, during the transitional period during the accession process. The impact of transition periods has been weakened by the fact that there were no new EU states in Central Europe. The EU member states have made use of their regulatory potential and the list of the EU countries applying transition periods has been gradually shrinking since 2004. In addition, Czech citizens have made less use of the potential for mobility within the EU than their neighbors. The reason behind this is better economic indicators in the Czech Republic, both

before and after accession. At the same time, the Czech Republic was an important recipient country of labor mobility flows in post-accession period. The most popular countries of origin of foreign workers employed in the Czech Republic were Slovakia, Poland, and non-EU countries such as Ukraine and Vietnam (Šlosarčík, 2011, p.4).

In 2014, the European Policy Strategy for the Czech Republic was formulated. One of the key priorities was to support the development of the EU's internal market. Deepening the internal market has been one of the main European priorities of the Czech Republic since the beginning of its EU membership (Vláda České republiky, 2013). According to the European Policy Strategy, the removal of the remaining barriers to the internal market, rather than the coordination of national economic policies was the most appropriate tool for restarting economic growth. The strategy also noted that the Single market was not working properly in the services sector and that this needed to be addressed. The country's center-right governments were very critical of the new regulation coming from Brussels, although at the same time they called for further development of the Single market. They preferred negative integration to positive integration and emphasized the need for subsidiarity and proportionality. While a center-left government had a slightly different attitude towards Brussels, the liberal approach would not change significantly, as the Czech economy would benefit from an open European market. Europe's political elites shared this view. They believed that the Single market would become stronger and that it would be one of the most important issues for Czech European policy in the next decade. A small majority of respondents believed that social legislation would not be harmonized. They also believed that the European Single market for services should be deepened, although they were not sure that a fully liberalized market in this sector would emerge within the next ten years (Dostál, 2014, p. 3-9).

In 2019 the European Commission prepared a country report for the Czech Republic where conclusions were made regarding country's integration into the Single market of the EU (European Commission, 2023). The results of the report revealed that access to some professions remains more restricted compared to the EU average. This is especially true for lawyers, architects, and civil engineers. This fact can have negative impacts on competitiveness, long-term growth, completion, and innovation.

The country does not fully exploit the opportunities given by the Single market. In particular, not all the directives were transposed. There has been a significant increase in the average delay of transposition – to 14,4 months in 2017, when before, the EU average was 8,7 months (European Commission, 2023).

The internationalization of small and medium businesses remains quite low, as specific barriers to trade in the Single market for goods still exist. The free movement of goods and EU trade flows are increasing, but trade barriers remain in specific sectors the same as mutual recognition of legislation of other countries of the EU is not always effective.

Reduction efficiency of market coordination and supervision may lead to distortion of competition. Responsibility for market surveillance of non-food products is distributed among many different authorities. This creates problems for coordination and strategic choice of priorities because the authorities are faced with a constant shortage of financial and material resources to ensure effective implementation of surveillance. Reduction of the market supervision may provoke the appearance on the Czech market of inappropriate and dangerous products from third countries. Since companies which manufacture or distribute non-compliant products do not incur compliance costs, they may also gain significant savings and distort competition (EUR-Lex, n.d.).

The country is well interconnected in the domestic electricity market. In 2019, the Czech Republic had the capacity of interstate power of 19.3%. However, congestion management in Central Europe needs a regional-level solution that facilitates cross-border electricity flows while ensuring system security. Activities that can increase flexibility of energy demand are still waiting for its time (for example, the introduction of "smart" meters) (European Union, 2020).

The Czech Republic continues to demonstrate its commitment to the Digital single market. The government adopted three strategic documents, which determines the country's position in the negotiations and cooperation in the field of digital policy at the European level. The government has also joined various EU initiatives in the field of artificial intelligence, blockchain technologies and high-performance blockchain technology and high-performance computing (European Union, 2020).

Considering everything that was mentioned above, it can be stated that the Single market is the key priority of Czech EU membership, since the open and export-oriented Czech economy has many benefits from the European single market. The competitiveness of its industry is of paramount importance. However, there is still a space for improvement and integration since the Czech Republic is still in process of integration into the Single market of the European Union.

4.2. The Czech Republic's accession to the EU (2004)

The main motivations across Central and Eastern Europe to become a member state of the EU are based on what the EU represents in terms of policy, geographical location, economy, and security. The EU is considered to be a successful post-war geopolitical and geoeconomic union that contributed to integration in Western Europe. The EU is also seen as a major source of trade and investment. Moreover, the standards of living in the countries of the EU are much higher than in the countries which are not EU members. Due to this, the expectations of the public that the association with the subsequent accession to the EU will bring benefits for the country (Dostál, 2002, p. 124).

The main stages of the Czech Republic to the final accession to the European Union chronologically are (Dostál, 2002, pp. 126-131):

- 1993 - the Czech Republic concluded an Agreement on Associate membership, which was considered as the initial stage on the way to the EU membership.
- 1996 - the Czech government submitted an official application for the country's accession to the EU.
- 1997 – “Agenda 2000” accepted by the European Commission with detailed information regarding the EU membership criteria.
- 1998 - regular negotiations with the Czech Republic had started regarding the terms of accession.
- 2000-2002 - summits of the European Union took place with statements about the possibility of the European Union's expansion from 2004, officially proclaimed states – potential members of the EU, including the Czech Republic.
- 16.04.2003 - the EU Accession Agreement was signed in Athens by newly elected president Václav Klaus and Prime Minister Stanislav Gross.

- 13-14.06.2003 - the first and the only one national referendum was held in Czech history regarding the accession of the Czech Republic to the European Union. Accordingly, the decision of accession to the EU was supported by 77.3% of the citizens (Český statistický úřad, 2003).
- 01.05.2004 – the Czech Republic received the status of the full member state of the European Union.

The accession of the Czech Republic to the European Union was supported by Czech citizens, as they saw many benefits from joining the EU, especially, the responsibility of domestic producers for their products, which means that the quality and competitiveness of these products on foreign markets would increase. The other benefit is that the country will gain the right to vote in decision-making process in all European affairs and will be on a par with larger countries for its formal status, the standard of living in the Czech Republic will rise and approach the level of developed European countries.

At the time of accession, the Czech Republic was already a member of several important strategic organizations, one of which was NATO, which the Czech Republic joined in 1999 (Ministerstvo obrany České republiky, 2018). The evidence suggests that the Czech Republic's membership in the EU has brought notable benefits to the country. These include the facilitation of travel in the Schengen zone (the Czech Republic joined in 2007), subsidies and grants from EU funds, the expansion of opportunities to enter the European market, the increase in mutual trade, the improvement of social standards, and the standard of living in general.

Membership of the European Union was mostly approved by young people, and citizens with higher education and high incomes. The other part of citizens of the Czech Republic complains, among other things, about excessive bureaucracy, the restrictions associated with European laws, the emigration of highly qualified specialists abroad, and the plans to introduce binding quotas for the redistribution of refugees from Asia and Africa (Dostál, 2014, pp. 3-7).

In June 2004, the Czech Republic participated in its first elections to the European Parliament. The Eurosceptics won most of the seats - 17 out of 24. Nine seats were given to the Civic Democratic Party (Občanská demokratická strana – ODS), six seats went to the

Communists and two hardlines from the populist Independent Party, the Eurosceptics. The integration parties only shared seven seats (Dostál, 2014, pp. 7-8).

Although the Czech Republic applied to join the European Union during V. Klaus' term of office, he became one of the loudest critics of the EU. He criticized European integration after the Maastricht Treaty (1993). Over time, due to the position of V. Klaus, the Czech Republic's refused to support the Lisbon Treaty along with other countries.

After the parliamentary elections in 2006, a new center-right government was formed in 2007. It comprised the Christian Democrats, the Greens, and the Civic Democratic Party. The Civic Democratic Party continued to represent the Eurosceptics, while the Greens and the Christian Democrats supported further integration. After the new government was formed, it began preparations for the EU Council Presidency. The list of priorities for the first half of 2009 was published in 2007. The most important priorities according to the Office of the Deputy Prime Minister for European Affairs (2007) were:

- Competitive and open Europe.
- Sustainable and secure energy.
- A budget for the future of Europe.
- Europe as a global player.
- A secure and free Europe.

The priority of creating a competitive and open Europe reflected the general direction of the Czech Republic regarding the enlargement of the internal market and the realization of the four freedoms. It emphasized a new EU economic strategy, which replaced the Lisbon Strategy. The focus was on the freedom of movement, industrial policy, free competition, innovation, small and medium-sized enterprises, and a liberal approach to external trade relations. As "a competitive and open Europe" was seen as the main priority, it had strong national preferences.

The second priority was to establish sustainable and secure energy, meaning that the Czech Republic wanted to focus on the security of energy supply and develop the natural gas and electricity market. This was mainly driven by geopolitics. As the Czech Republic had been dependent on imported resources from Russia, Czech politicians pushed for the search for alternative suppliers and were encouraged by the gas crisis in 2006. The EU did

not have sufficient cross-border energy infrastructure between member states. Extensive investment in this area was seen as a prerequisite for the functioning of the natural gas and electricity market.

The third priority was to maintain a budget for the future of Europe, focusing on the reform of the Common Agricultural Policy (CAP). However, the Czech Republic did not see this policy as a positive instrument. It emphasized the need to gradually reduce its share in the total volume of the EU budget. Interestingly, it did not focus on the unequal distribution of subsidies between old and new Member States, but instead dismantled the rationale for the existence of CAP (Office of the Deputy Prime Minister for European Affairs, 2007).

The fourth priority was to establish Europe as a global player, highlighting the areas in which Europe should be active. In transatlantic cooperation, Western Balkan affairs and the Czech Republic, there was strong support for further EU expansion in this region.

The last and fifth priority was maintaining a safe and free Europe, which focused on security and equal access to the freedom of movement for all EU citizens, Schengen cooperation, cooperation in criminal matters, asylum and migration, policy, and cooperation in civil justice (Office of the Deputy Prime Minister for European Affairs, 2007).

As the Czech Republic has been a member of the EU since its relative establishment, conclusions can be drawn that the main challenges and new opportunities can be clarified. The four freedoms analysis suggests that there are substantial benefits for the Czech Republic's integration within the EU from the initial economic perspective. From one approach, there are certain advantages and preferences, that cannot always be fully utilized. From a different approach, a number of restrictions force member countries to abide by clearly defined rules, often accomplished by excessive bureaucracy and regulation.

To summarize, the Czech Republic's accession to the EU in 2004 meant that it required the implementation of the European foreign policy in order to complete the country's accession process and gain entry into the European community. However, after this initial stage, which lasted around ten years, the Czech Republic had to follow its obligations within the EU. Which meant adhering to the competition and consumer policies, contributing towards EU funds through implementation of taxation policies, adhering to cohesion and structural funds, contributing to research and development, supporting

agriculture and fishery policy, upholding employment rights and data protection standards, respecting fundamental rights of each citizen and adhering to the four freedoms of the single market.

4.2.1. Economy and politics of the Czech Republic before the accession

If the membership of the EU is considered, it undoubtedly has an impact on the state institutions of the potential member state. In addition, the potential member state is obliged to make certain changes and adapt the activities of its institutions to the requirements of the EU. EU membership affects public institutions in two major ways. Firstly, governments should organize cooperation with the EU and participate in the decision-making system. Secondly, the participation of members in the multi-level EU decision-making system affects the balance of power and relations between states and strengthens them at the expense of others. In certain cases, EU membership may require the creation of entirely new state institutions (Marek and Baun, 2010).

As aforementioned, preparing the Czech Republic for EU membership presented challenges for the new government in 1993. Achieving this goal required close coordination and cooperation between all governing ministries and a high degree of consensus between political forces and administrative bodies. The leading role in the accession to the EU was held primarily by the governments, which negotiated all the rules of EU accession and the implementation of European legislation into the law of the Czech Republic.

In the pre-accession period, the Prime Minister was the main coordinator for European affairs. Other institutions responsible for preparing for accession were established in 1994. These institutions include the Working Committee for the Implementation of the Europe Agreement and the Government Committee for European Integration, both of which began work in January 1995. The Government Committee was chaired by the Prime Minister and was comprised of Cabinet Ministers dealing mainly with European Union matters. During regular meetings, this institution dealt with all interdepartmental matters relating to the preparation for EU membership. Another body - the Working Committee - was composed of high-ranking officials and chaired by the Deputy Foreign Minister, who coordinated efforts at the working level, prepared papers for submission to the Government

Committee and coordinated the work of the various government departments. The Working Committee consisted of more than 30 departmental and interdepartmental expert groups dealing with individual EU accession issues. In addition, specialized bodies were created within almost all individual government departments. One of these bodies, for example, was a group responsible for negotiating EU integration issues (Marek and Baum, 2016).

In addition to these unique Czech institutions, joint Czech-European institutions were created to facilitate the implementation of the Europe Agreement or the Association Agreement. One of them, for example, was a special unit for compatibility with EU law, whose main task was to ensure the conformity of Czech legislation with EU law. In 1997, this unit was transformed into a department of the Ministry of Justice and integrated into the government in 1999 (Vláda České republiky, 2006).

To make the Czech Republic's accession to the European Union more efficient, the original Government Committee for European Integration was transformed into the Government Council for European Integration in 2001. This institution was at the top of the institutional structure and was responsible for all activities related to EU accession (Vláda České republiky, 2006).

The Working Committee for the Implementation of the Europe Agreement was also transformed into the Working Committee for European Integration. In addition to these institutions, there were other bodies within the Ministry of Foreign Affairs that dealt with EU integration, such as the Department for Communication Strategies and the Department for the Coordination of Relations (Vláda České republiky, 2006).

The membership of the European Union requires both the adaptation of existing institutions and the creation of new agencies to deal with EU matters. Later, in 2003, the Intergovernmental Council for European Integration was replaced by the Committee for the EU or EU Committee. This committee functioned on two levels: the governmental level and the working level. At the first level, the Committee formulates the main interests, strategies, objectives and position of the Czech Republic in the EU. At the second working level, it prepared meetings at government level (for example, preliminary discussions of materials, and coordinated functions in decision-making on EU matters). Important institutions such as the Office for Personal Data Protection, the State Office for Nuclear Safety and the Czech National Bank also took part in the meetings of the EU Committee as associate members.

The ministerial coordination groups, which formulated the basis for cooperation in the government's EU decision-making process, were also important institutions. They were responsible for formulating the position of the Czech Republic in certain EU policy areas (Marek and Baum, 2016).

It is important to note that the Czech Parliament has been involved in shaping EU legislation and policy. The Czech Parliament consists of the Chamber of Deputies and the Senate. However, both independently played an important role in the discussions on EU legislative proposals before they were adopted by the EU Council. Each of them had the right to its own opinion and their decisions were to be considered by the government.

The Czech Parliament has been actively involved in EU affairs since the early 1990s. The Parliamentary Association Committee was the first parliamentary committee for EU affairs created by the Europe Agreement in 1993. It consisted of 17 deputies and 7 senators who formed the Czech Parliament's delegation to the EU Parliament. At that time, the Parliamentary Committee was a platform for cooperation between Czech and EU legislators. It met twice a year – in Prague and in one of the locations Brussels, Strasbourg, or Luxembourg. The permanent delegation was only established after the Czech Republic joined the EU (Rittelmeyer & Andrš, 2022).

Considering the changes that had to be made to become a member of the EU, it is also important to mention that the judicial system of the Czech Republic had to make some adjustments. According to the Constitution of the Czech Republic from 1992, the judicial system of the Czech Republic consists of the Supreme Court, the Supreme Administrative Court and the higher, regional and district courts (Parliament of the Czech Republic, 1992). The biggest challenge with this system was that the judicial system had to be adapted to EU law. This also meant that all Czech judges had to have adequate knowledge of European legislation. In this case, the training of judges was very important to achieve the desired results, as they had to learn how to work and how apply the norms of EU law.

“During the accession process, the Czech judicial system received much critical attention. In its 1997 Opinion on the Czech Republic’s application for membership, the Commission stated: “The situation of the courts in the Czech Republic constitutes the major challenge for the country’s integration into the European Union”. Among the problems the Commission identified was a backlog of unresolved cases, excessively long

proceedings, and inadequately trained judges. In the Commission's subsequent progress reports the judicial system countified to be mentioned as an area which needed significant attention and improvement."

- Marek and Baum (2010, p. 7)

As the judicial system needed significant changes, a judicial reform was initiated by the Ministry of Justice in 1999. This reform focused on improving the overall quality of the Czech judicial system. The capacity of the judiciary was to be increased and the staffing of the courts improved. The proposed reform included the reform of civil procedures, the establishment of private executors, amendments to the Civil and Commercial Codes, the reform of criminal procedures (concentration of investigations conducted by the police and the investigators, strengthening the role of the public prosecutor) and changes to the criminal justice system (a new law on the Probation and Mediation Office). The above-mentioned standards have been developed in such a way that they enable connection to international agreements and cooperation within the EU (Šlosarčík, 2002).

It is also important to emphasize that the process of adapting Czech national legislation to the EU legal system began in the early 2000s. During this period, the Czech Republic experienced a true legislative boom: in 2000 alone, the country's parliament passed around five hundred new laws and other legal norms that were harmonized with European standards.

Significant successes of the Czech Republic in its integration into the legal area of the European Union were noted in the European Commission's report for 2002 (Ministry of Foreign Affairs of the Czech Republic, 2002). According to the conclusions, the country has completed the transition to European standards in the financial sector and has achieved a high level of compliance with the *acquis communautaire* in the areas of free movement of goods, economic competition, standardization and certification of goods, currency and border regulation.

After the fall of the communist regime in 1989, the Czech Republic faced a difficult and at the same time important process - a process of economic transformation from a centrally planned state economy to a market-oriented capitalist economy. This transformation required radical changes, in particular the liberalization of prices, the

liberalization of foreign trade and investment, the creation of a capital and financial market, the creation of new legal regulations for the market economy and the transformation of the banking system. Such changes were necessary not only for economic development and improvement, but also for the conditions that had to be met to become a member of the European Union in the future. In other words, they were obligatory for the Czech Republic (Marek and Baum, 2010).

The transformation of the economy in the Czech Republic was quite rapid, but the process of transformation was not so simple. After the “Velvet Revolution” in 1990-1992, post-communist Czechoslovakia experienced a period of economic decline. However, this period was followed by economic growth and the years 1994-1996 were quite successful for the Czech Republic as an independent state. The figure 1 demonstrates that the GDP growth has been positive for a continuous number of years (Marek and Baum, 2010, pp.73-74):

Figure 1 – GDP Growth in the Czech Republic

Table 4.1 GDP growth in the Czech Republic, 1993–2003 (%)

1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
0.0	2.6	5.0	4.0	-0.7	-0.8	1.3	3.6	2.5	1.9	3.6

Sources: ČSÚ (2009a); CIA World Factbook for 1993, 1994, and 1995.

Source: Marek and Baum (2010)

The economic integration of the Czech Republic began in the 1990s based on the Europe Agreement on Association in 1993, which can be regarded as the legal basis for relations between the European Union and the Czech Republic. According to this agreement, bilateral trade barriers were dismantled, and a free trade area was gradually established. By 1997, all barriers and quotas for imports from the Czech Republic were lifted by the EU, except for agricultural products and steel.

The abolition of trade barriers thus led to an increase in foreign trade and its importance for the Czech Republic. In the 1990s, Czech exports rose by 280%, and by the end of the decade the share of foreign trade in the Czech Republic's GDP had increased by 80%. The volume of trade between the Czech Republic and the EU also increased, as did the EU's total volume of foreign trade. As a result, the Czech Republic received annual financial support of up to 180 million euros from the EU in the period 2000-2002 (Marek and Baum, 2010, p.75). The removal of trade barriers enabled the Czech Republic to prepare for the

EU's single market policy, as the Czech economy benefited from integration with the larger and more prosperous economies of Western Europe.

The investment situation was fairly moderate. This meant that investors were quite cautious about investing in the Czech Republic in the early 1990s. Towards the end of the decade, investor interest increased significantly. In the decade of the 1990s, the Czech Republic had one of the highest foreign direct investment indices. In 2003, foreign direct investment in the Czech Republic amounted to 36 billion euros, 85% of which came from the member states of EU. In addition, the Czech Republic was the first country in Central and Eastern Europe to introduce the system of investment promotion by law. In the year 2000, the law "On Investment Promotion" came into force, which set clear conditions for preferential treatment of investors and the definition of investment priorities and sectors. In addition, a system of cooperation was introduced between the ministries and the Czech Trade Agency, which advises investors and provides political support. The Czech Republic's most important investor countries were Germany, Austria and the UK.

In conclusion, it can be stated that the integration into the European Union is not easy and requires many efforts in different areas and different policy directions of the potential EU members. Moreover, in many cases it takes years to fulfill all requirements and to adapt to EU legislation.

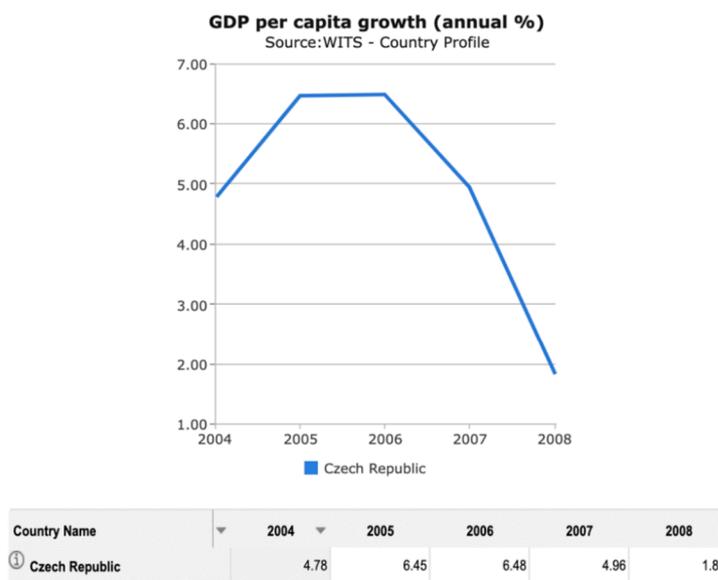
4.2.2. Economy and politics of the Czech Republic after the accession

The EU accession means a full integration into a single market and a need for some changes in external trade policy. As a result of EU accession, the Czech Republic adopted the Common Commercial Policy and Common External Tariff. After the Czech Republic joined the EU in 2004, the EU remained the key trading partner for the Czech economy, responsible for 75% of Czech foreign trade in 2008 (Marek and Baum, 2010, p.78).

The EU accession also positively influenced the export of higher-technological products, in such sectors as machinery and equipment. Large corporations from Western Europe moved to the Czech Republic, investors were especially interested in high-tech

sectors. At that time the German company Volkswagen invested 3,5 billion euros into the Czech company Skoda, as a result, Skoda became the largest company with more than 27 000 employees. The GDP also started to rise and remained on a positive level during several following years, what can be seen from the figure 2.

Figure 2 – GDP per capita growth (annual %)



Source: World Bank (2009)

In 2008 the Great Recession crisis impacted the economy negatively, with a substantial decrease in the GDP per capita indicator. The unemployment rate in the Czech Republic did not have significant changes with the accession to the European Union, despite the concerns in public discussion. Before accession, the unemployment rate was 7-8%, in 2004 reached 8,3%, after which decreased with relative stability on an annual basis (Marek and Baum, 2010, pp.78-79).

One of the advantages of the accession is the open labor market within the EU, so employees from the other EU member states can work in the Czech Republic without restrictions that took place before the accession.

One more significant change was tax changes, which were implemented in 2004. Taxes increased on fuel, cigarettes, alcohol including wine, liquified gas, and others. As a result, increasing taxes influenced higher price rates, which were higher, however not as high as anticipated. (Marek and Baum, 2010, p.79).

One of the most sensitive issues for the Czech Republic remains the issue of the euro currency. According to the Agreement on the Accession of the Czech Republic to the EU, the country had during 2009-2010 implement calculations in euros. However, due to the negative impact of the consequences of economic crisis on the Czech economy, the transition to the euro currency was repeatedly postponed. In October 2011, the leadership of the Czech Republic announced the need for a referendum on the implementation of the euro in the country (Hodulák & Sychra, 2022).

The Czech Republic fulfilled all the requirements of the European Union, but the adoption of a new currency is not an urgent matter for the Czech Republic. Coincidentally, currency analysts predicted further strengthening of the Czech crown.

4.3. Individual stages of the economic development of the Czech Republic

After the Czech Republic joined the European Union in 2004, the country began to experience significant economic development, which was accompanied by an increase in labor costs and strengthening of the Czech currency – Czech crown. However, this period also coincided with the global Great Recession in 2008, which had an impact on the country's economy. Despite this development, the crisis' effect was relatively limited. The main reason is the conservative approach of Czech banks in the pre-crisis period. As a result, no government bank rescue package was needed. In addition, the vast majority of Czech private (household) debt was denominated in Czech crown, which made the financial situation of households less vulnerable to currency fluctuations (Šlosarčík, 2011).

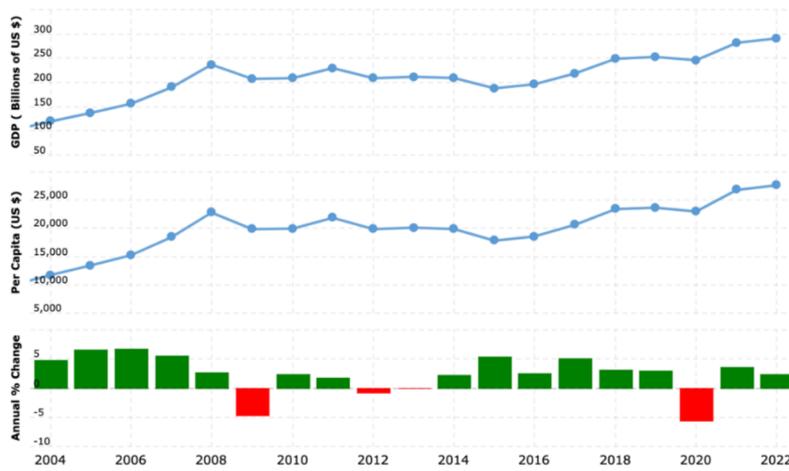
The following tables and graphs will be commented on in the subchapters:

Table 2 – History of the Czech Republic’s GDP

The Czech Republic - GDP				
Year	GDP (\$ b)	GDP per capita (\$)	GDP Growth (%)	Annual Change
2004	\$119.81	\$11,750	4.81%	1.23%
2005	\$137.14	\$13,431	6.60%	1.79%
2006	\$156.26	\$15,262	6.77%	0.17%
2007	\$190.18	\$18,467	5.57%	-1.20%
2008	\$236.82	\$22,805	2.69%	-2.88%
2009	\$207.43	\$19,862	-4.66%	-7.34%
2010	\$209.07	\$19,960	2.43%	7.09%
2011	\$229.56	\$21,871	1.76%	-0.67%
2012	\$208.86	\$19,871	-0.79%	-2.55%
2013	\$211.69	\$20,133	-0.05%	0.74%
2014	\$209.36	\$19,891	2.26%	2.31%
2015	\$188.03	\$17,830	5.39%	3.13%
2016	\$196.27	\$18,575	2.54%	-2.85%
2017	\$218.63	\$20,636	5.17%	2.63%
2018	\$249.00	\$23,424	3.22%	-1.95%
2019	\$252.55	\$23,665	3.03%	-0.19%
2020	\$245.97	\$22,993	-5.50%	-8.53%
2021	\$281.79	\$26,823	3.55%	9.06%
2022	\$290.92	\$27,638	2.46%	-1.09%

Source: Data compiled by author from World Bank (2023b) and Macrotrends (2023a)

Figure 3 – GDP growth rate (%), GDP per capita (\$)



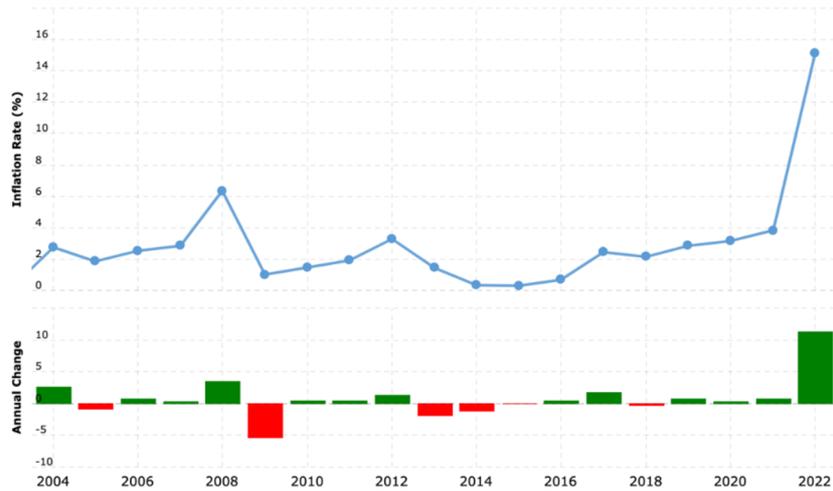
Source: Macrotrends (2023a)

Table 3 – History of the Czech Republic’s Inflation Rate

The Czech Republic - Inflation Rate		
Year	Inflation Rate (%)	Annual Change
2004	2.76%	2.64%
2005	1.86%	-0.90%
2006	2.53%	0.68%
2007	2.85%	0.32%
2008	6.36%	3.51%
2009	1.02%	-5.34%
2010	1.47%	0.45%
2011	1.92%	0.44%
2012	3.29%	1.37%
2013	1.44%	-1.85%
2014	0.34%	-1.09%
2015	0.31%	-0.03%
2016	0.68%	0.37%
2017	2.45%	1.77%
2018	2.15%	-0.30%
2019	2.85%	0.70%
2020	3.16%	0.31%
2021	3.84%	0.68%
2022	15.10%	11.26%

Source: Data compiled by author from World Bank (2023c) and Macrotrends (2023b)

Figure 4 – The Czech Republic’s Inflation Rate



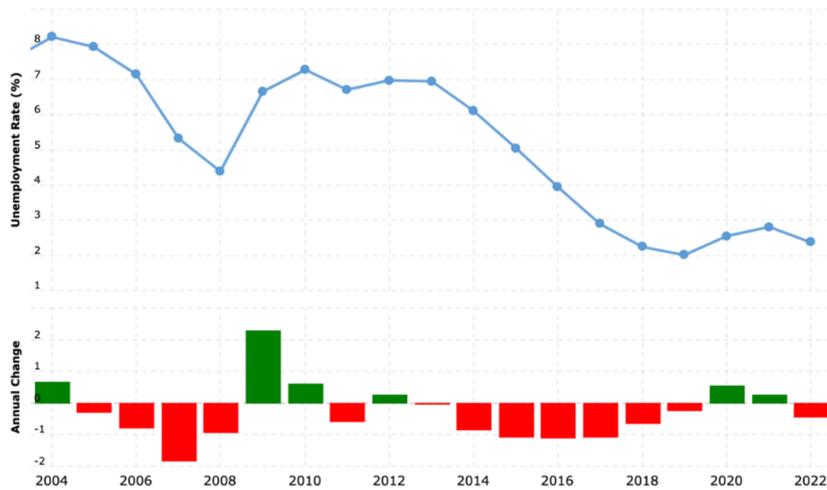
Source: Macrotrends (2023b)

Table 4 – History of the Czech Republic’s Unemployment Rate

The Czech Republic Unemployment rate		
Year	Unemployment rate (%)	Annual Change
2004	8.21%	0.67%
2005	7.93%	-0.28%
2006	7.15%	-0.78%
2007	5.32%	-1.83%
2008	4.39%	-0.93%
2009	6.66%	2.27%
2010	7.28%	0.62%
2011	6.71%	-0.57%
2012	6.98%	0.27%
2013	6.95%	-0.03%
2014	6.11%	-0.84%
2015	5.05%	-1.06%
2016	3.95%	-1.10%
2017	2.89%	-1.06%
2018	2.24%	-0.65%
2019	2.01%	-0.23%
2020	2.55%	0.54%
2021	2.81%	0.26%
2022	2.37%	-0.44%

Source: Data compiled by author from World Bank (2023d) and Macrotrends (2023d)

Figure 5 – The Czech Republic’s Unemployment Rate



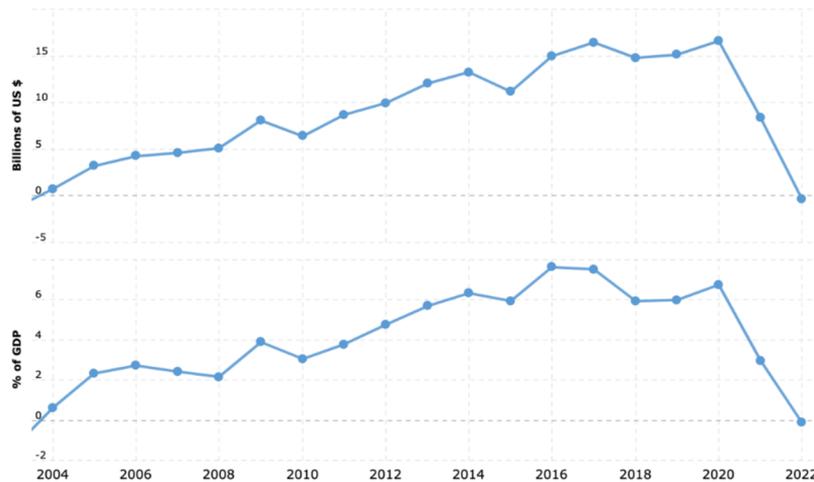
Source: Macrotrends (2023d)

Table 5 – History of the Czech Republic’s Trade Balance

The Czech Republic Trade Balance		
Year	Billions of US \$	% of GDP
2004	\$0.75B	0.63%
2005	\$3.19B	2.33%
2006	\$4.25B	2.72%
2007	\$4.61B	2.42%
2008	\$5.12B	2.16%
2009	\$8.08B	3.89%
2010	\$6.39B	3.06%
2011	\$8.68B	3.78%
2012	\$9.95B	4.76%
2013	\$12.05B	5.69%
2014	\$13.26B	6.33%
2015	\$11.17B	5.94%
2016	\$14.97B	7.63%
2017	\$16.44B	7.52%
2018	\$14.79B	5.94%
2019	\$15.12B	5.99%
2020	\$16.60B	6.75%
2021	\$8.35B	2.96%
2022	\$-0.30B	-0.10%

Source: Data compiled by author from World Bank (2023a) and Macrotrends (2023c)

Figure 6 – The Czech Republic’s Trade Balance



Source: Macrotrends (2023c)

In this chapter, each stage of economic development (5-year period) since the accession to the EU - from 2004 to 2022 will be analyzed, considering GDP (Gross Domestic Product), inflation rate, unemployment rate and trade balance, and considering factors influenced the change in the data rates.

4.3.1. Characteristics of stage I - period 2004-2009

During 2004-2009, the Czech Republic experienced steady economic growth, driven by factors such as increased foreign investment, exports, and integration into the European market. The country benefited from a well-educated workforce and solid industrial base and relatively stable political environment, all of which contributed to the economic expansion. However, with the global financial crisis the country faced a reduction in GDP growth and subsequent decline in demand for Czech exports. In Table 2, it is evident that the GDP rate in the Czech Republic grew by an average of 6,2% per year from 2004 to 2008 but decreased by 4,7% in 2009 due to the financial crisis. From Figure 3 it is visible that the highest GDP growth rate during this period was in 2006 and the lowest in 2009. In addition, Figure 4 shows that the GDP per capita was growing until 2008, after which a decrease can be observed. However, despite all these facts the Czech economy was able to maintain a positive trade balance and exchange rate of goods and services with foreign countries, and the Czech crown maintained its relative strength (Hronová & Hindls, 2012).

Inflation was relatively stable during 2004-2009. The Czech National Bank (ČNB) implemented a monetary policy aimed at controlling inflation and stabilizing the economy. It focused on maintaining price stability, using interest rate instruments to influence inflation pressure. In Table 3 and Figure 4, it is visible that the inflation rate was relatively low, with only the 2008 year showing an increase of 6,36% after which it subsequently decreased again.

Unemployment rates were relatively high in the beginning of the EU accession, however, in 2008 it decreased to 4.39%, and the average rate from 2004-2009 was approximately 6% (Table 4 and Figure 5).

The Czech Republic had a positive trade balance during this period since the emphasis of the economy was made on export. The global financial crisis had an impact on international trade, however the Czech Republic continued to benefit from its exports of manufactured goods. This is demonstrated within Table 5 and Figure 6.

4.3.2. Characteristic of the stage II - period 2010-2015

In the period of 2010-2015, the Czech Republic was recovering from the financial crisis of 2008-2009. Since 2004, the Czech economy has been mostly in the top third among member states of the EU, in 2011 it was in the bottom half, which is explained by the fact that the post-crisis development in terms of performance indicators was at the level of the EU average, and the Czech economy's decline in 2009 was somewhat deeper than other countries. Table 2 and Figure 3 demonstrate that the decline of -4.66% in 2009 could be observed. The Czech Republic's GDP growth in 2010 (+2.43%) was marginally higher than the EU27 (+2%). This was enough to make it one of the five fastest growing economies in 2010. However, this was only a vague reminder of the significant annual surge in 2005-2007, when the Czech economy came very close to the EU level in real terms: +6.6% (2005), +6.77% (2006) and +5.57% (2007). Furthermore, Table 3 and Figure 4 demonstrate that the inflation rate was relatively stable during 2010-2015, with only the year 2012 demonstrating a higher indication of 3.29% (Český statistický úřad, 2023).

The unemployment rate gradually decreased during the indicated period, from 7.28% in 2010 to 5.05% in 2015 (Table 4, Figure 5), due to the improvement of the labor market and increased job opportunities. This decrease indicates economic stability and a potential improvement in the living standards of Czech citizens.

The trade balance in 2010 was about \$6.39 billion (about 3.06% of GDP). The country ran a trade surplus during this period. By 2015, it had fallen to about \$11.39 billion (about 5.94% of GDP), which is demonstrated in Table 5 and Figure 6.

4.3.3. Characteristics of stage III - period 2016-2020

Economic growth and GDP continued to grow since 2016, however the pandemic in 2019-2020 had a negative influence on the economy of the Czech Republic and as demonstrated by Table 2 where the GDP growth rate was negative (-5.50%).

The inflation rate remained relatively stable during this period, with occasional fluctuations due to the COVID-19 pandemic, but these have not been significant - from 0.68% in 2016 to a gradual increase to 3.16% in 2020. These rates can be considered quite moderate. Despite that, there was a steady increase in wages, and, despite this, the Czech National Bank (CNB) kept inflation below the upper limit of the tolerance corridor (3%). Consumer price inflation, measured by the harmonized index of consumer prices, slowed to 2.0% in 2018 from 2.4% in 2017. The rapid increase in energy prices in the second half of 2018 was offset by the moderation in food prices (Český statistický úřad, 2023).

The unemployment rate continued to decrease, indicating the stable situation on the labor market. The creation of jobs and the decline in unemployment indicated a strengthening economy and a potential increase in the living standards of Czech citizens. From 3.95% in 2016, it decreased to 2.55% in 2020, which could be considered as a good indicator. Moreover, it shows that the COVID-19 pandemic did not have significant influence on unemployment in the Czech Republic, however, this can be attributed to the high level of migrant workers within the country.

The trade balance remained positive dynamic during that period, reflecting the country's ability to maintain a competitive position in international trade and keep export-oriented sectors strong. In 2016 the trade surplus was at \$14.97 billion, gradually increasing to \$16.60 billion in 2020.

4.3.4. Characteristics of stage IV - period 2020-2022

Economic growth and GDP. As it can be seen from Table 2 and Figure 3, in 2020, the GDP shrank by 2.6% to \$245.97 billion from the previous year. In 2021 the economy recovered, bringing the GDP to \$281.79 billion, up 14.56% from the year before. And in 2022 the GDP increased by 3.24% to \$290.92 billion, demonstrating further growth.

The Czech Republic's economy was greatly impacted by the Russian invasion of Ukraine in 2022 due to substantially increased energy prices and trade barriers due to sanctions associated with the conflict, and as a result, the country's inflation rate in 2022 surged dramatically to 15.10% with an annual rise of 11.26% from the relatively modest rate in 2020. (Table 3 and Figure 4).

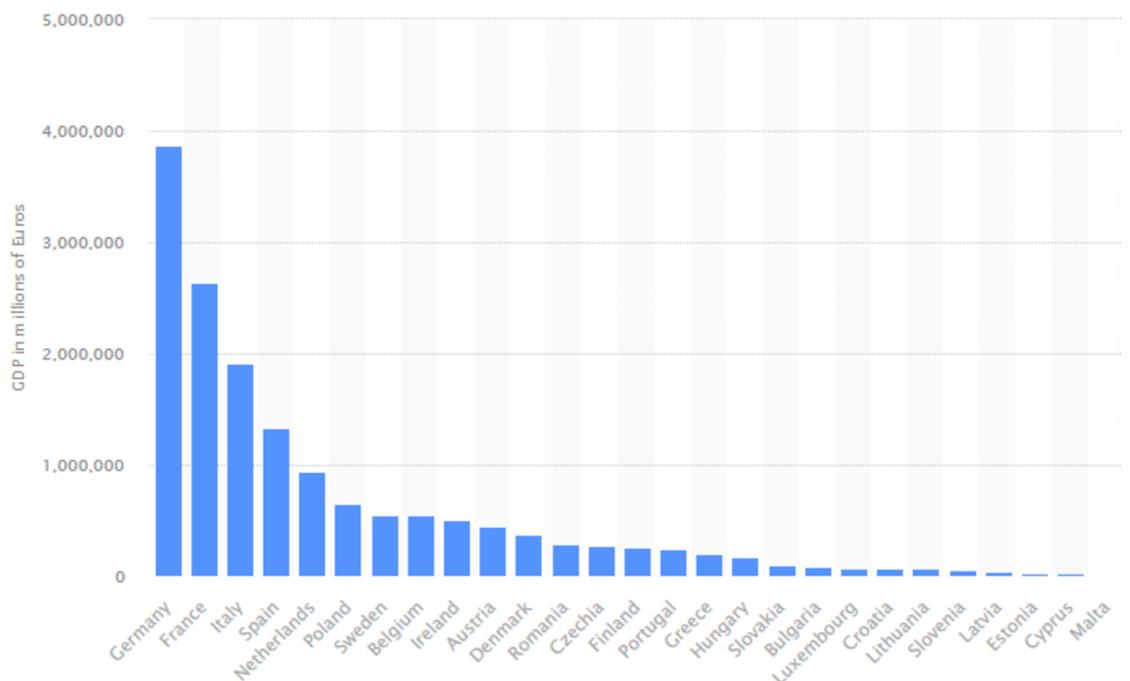
The unemployment rate increased by 0.54% from 2019 to 2.55% in 2020. There was a little increase to 2.81% in 2021. There was a decline of 2.37% in 2022 (Table 4 and Figure 5). In 2020, the Czech Republic saw a significant trade surplus of \$16.60 billion or 6.75% of GDP. In 2021 the trade surplus shrank to \$8.35 billion, or 2.96% of GDP. And in 2022 the trade deficit for the nation was \$0.30 billion, or -0.10% of GDP (Table 5 and Figure 6).

4.4. The Czech Republic’s economic position among member states

4.4.1. GDP

The Czech Republic is ranked 13th among the member states in the EU as of 2023, with a GDP of 276,105.4 million euros (Statista, 2024b). The figure 7 demonstrates the economic position of the Czech Republic in comparison to other member states by the GDP indicator:

Figure 7 – GDP of Member States



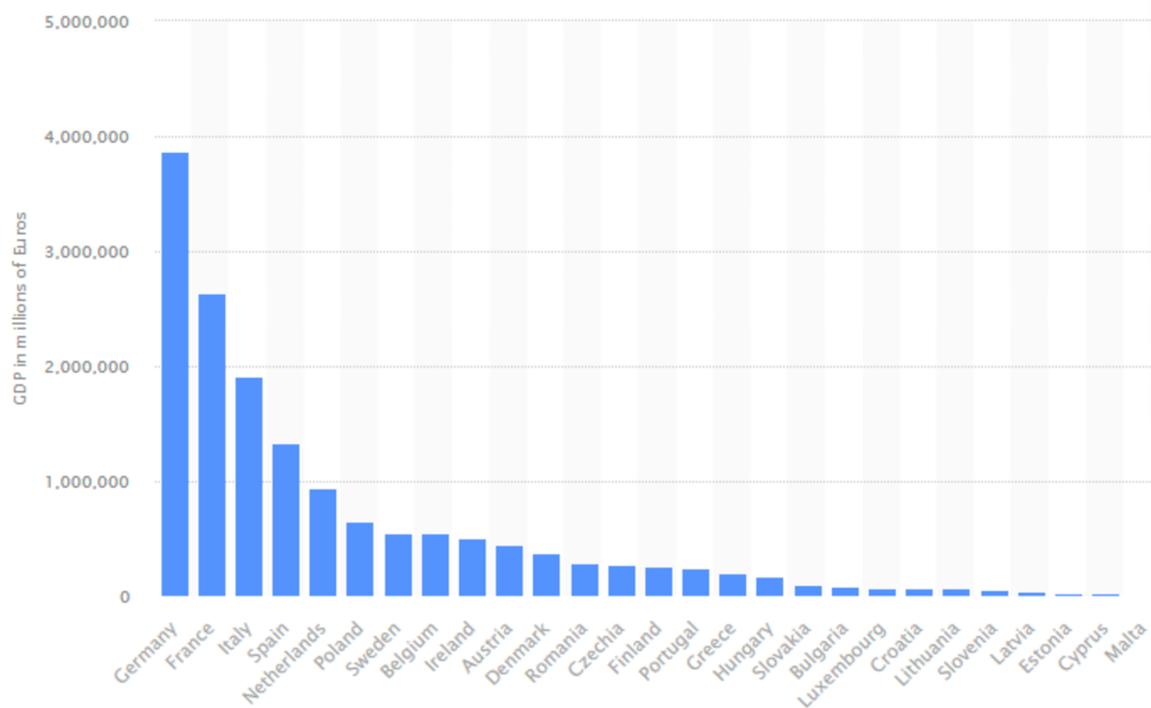
Source: Statista (2024b)

According to Eurostat, the GDP annual growth among the member states between the year 2000 and 2023 has been 1.64% increase, with a maximum and minimum being observed at the beginning and end of the COVID-19 pandemic (contracting by an average

of 13% and recovering by 14.4%) (Eurostat, 2024a). The Czech Republic has seen an average annual GDP increase of 2.49%, with an average deviation of 0.06%. This suggests that the Czech Republic's growth of GDP is relatively stable and is relatively resilient towards economic downturns as the economy is able to rebound within the next year. This is particularly seen between the year of 2009 where the GDP has contracted by 7.34%, and the subsequent year it has expanded back by 7.09%. A similar trend was observed during the COVID-19 pandemic, where the economy contracted by 8.53% in 2020 and subsequently expanded by 9.06% in 2021.

Despite the 13th rank of GDP amongst the member states, the GDP per capita rank of the Czech Republic is 17th, with a GDP per capita reported to be 27,638 euros (Statista, 2024a). The figure 8 demonstrates the economic position of the Czech Republic in comparison to other member states by the GDP per capita indicator:

Figure 8 – GDP per capita of Member States



Source: Statista (2024a)

4.4.2. Inflation

The inflation rate of the Czech Republic is generally different to other member states in the EU as it has not yet adopted the euro. Thus, the Czech crown has a different inflation rate, averaging at 3.54% since the year 2000 (Český statistický úřad, 2023). The average inflation of euro has been observed to be 2.22% over the same period. The inflation associated with individual countries in relations to the consumer basket of goods is registered to be an annual average of 3.89% (Eurostat, 2024b, n.p.). This suggests that the Czech Republic is seeing overall a similar yet smaller inflation rate in comparison to other member states. However, in terms of the relative value of the currencies between the Czech crown and the Euro, the inflation observed is higher in the Czech crown relative to euro. Furthermore, it must be noted that this is a long-term average that is being considered rather than a specific crisis period. Overall, this suggests that in a long-term perspective the Czech Republic is performing above average in comparison to other countries in terms of its inflation and GDP growth rate.

4.4.3. Unemployment

The unemployment rate in the Czech Republic is one of the lowest in the EU, with only Poland and Malta taking the lead. The unemployment rate of 2.9% in 2023 is drastically smaller than the EU average of 6%. It is important to note that the average is heavily skewed by countries such as Spain which has an unemployment rate of 12%, and Greece where the unemployment rate is 9.6%. (EURES, 2023). Furthermore, the unemployment rate of the Czech Republic has been significantly higher when it has joined the EU, surpassing 8%. Nevertheless, the Czech Republic has demonstrated that it is able to decrease its unemployment rate with a similar stability to its maintenance of GDP growth over long-term. Even during the COVID-19 pandemic the unemployment rate's stability has remained relatively unchanged. Despite having one of the lowest unemployment rates on the continent, the labor market in the Czech Republic continues to have many vacant positions, signifying that the economic growth can be largely inhibited by a lack of human workforce and insufficient growth of population to match the demand of the labor market. However, a different attributing factor for a low unemployment rate is the high level of migrants, which subsequently fill many positions in the labor market. This places the Czech Republic in a vulnerable position as many industries rely on migrant with lower wages to operate, as well

as placing the country in a state of higher civil unrest and dissatisfaction (Hutt, 2022). Furthermore, by maintaining a Czech crown the Czech Republic experiences a lesser demand in its currency and thus is managing to maintain a relatively stable expansion of its economy, thereby limiting the progression of the unemployment rate.

4.4.4. Trade Balance

The trade balance of the Czech Republic as of 2023 reports to be in deficit, with -6.1% of the country's GDP. This is one of the lowest indicators in the EU, only superseded by Latvia, Hungary, Slovakia, Cyprus, Romania and Greece. As of 2024, majority of the EU countries are in a trade deficit, with only the country of Denmark observing a high trade surplus of 13.2%. Nevertheless, the average trade balance of the Czech Republic has been 4.23% surplus since the year 2004. The heavy shift from a trade surplus towards a trade deficit is largely attributed to the COVID-19 pandemic as its surplus has decreased by more than 8 billion euros in a single year between 2020 and 2021. Furthermore, the Russian invasion of Ukraine in 2022 and a large influx of refugees further shifted the demand of imported goods and services, with a large increase of energy prices. The same shift has been observed in other countries that are experiencing a trade deficit with a prior surplus before the COVID-19 pandemic (Eurostat, 2023). Nevertheless, the trade deficit observed in the economy of the Czech Republic is largely in line with the rest of the EU, as the average current rate is -4.3%, similarly to the unemployment statistic, certain countries heavily skew the average indicator.

4.5. The Czech Republic's accession to NATO and OSCE

Central Europe is a strategically important region of the European continent. The region is a bridge between Western, Eastern and Southern Europe. History shows that the interests of the leading European powers, primarily Germany and Russia, have always met here. After the Second World War, the Iron Curtain rose, and the entire region became a buffer zone between the Western world and the Soviet Union. These developments affected the security situation in the region, which at the time was guaranteed by the Warsaw Pact – formally known as a Treaty of Friendship and Defense, established by the Soviet Union and seven states, including Czechoslovakia at that time (NATO, n.d.). With the collapse of the communist bloc, the security system also collapsed. All the Central European countries that

had been members of the Warsaw Pact called for its denunciation, which took place in Prague in June 1991. However, the result was a certain security vacuum in the Central European region. The old and ineffective Warsaw Pact system was dismantled but not replaced. The provision of security remained essentially a matter for individual states and their governments.

The division of Czechoslovakia into two democratic states gave a new impulse to the development of effective ways of ensuring the security and defense of the country. It became increasingly clear that it would be necessary to address new emerging issues, primarily related to the financing of the army and the updating of conditions for ensuring the long-term development of its defense capabilities (Štěpánek, 1999). Since gaining its independence, Czech diplomacy was aware of the situation in which the newly formed Czech Republic found itself and the threats it faced. The government of the Czech Republic was ready to take a decisive step in the field of foreign security - to become a full member of the North Atlantic Alliance (NATO). This decision was declared by the then Minister of Foreign Affairs, J. Zelenec, when he presented the foreign policy concept of the Czech Republic to the Chamber of Deputies of the Czech Parliament in April 1993: "Since the Czech Republic shares the same democratic values as the NATO countries and is ready to defend and protect these values, we set as our long-term and unchangeable goal full membership in the Alliance" (Handl and Pick, 2005). This course of the Czech Republic's foreign policy strategy was facilitated by the intensive support and direct involvement of President Vaclav Havel in the process of NATO integration.

In the President's view, NATO had three main tasks after the end of the Cold War - to guarantee the internal stability of a de-democratized Europe; to become a mean of common defense of Europe against a potential aggressor; and to serve (for example, together with the UN) as a mean of defending democracy, freedom and rights in the immediate neighborhood of NATO countries (local conflicts), NATO enlargement.

Vaclav Havel saw this as a vital step not only for the new democracies but also for the Alliance itself: "Without enlargement, NATO would lose all meaning" (Visegrad Group, 2006). NATO membership was considered a top priority for the country. The Alliance itself was the only security structure that could truly guarantee the territorial integrity, independence, and democratic development of the Czech Republic towards the EU.

In addition, with the dissolution of Czechoslovakia, the National Defense Council of the Czech Republic ceased to function. This body and its status were not included in the new Constitution of the Czech Republic of 1993. The absence of a central governing body responsible for coordinating all national security issues left an empty space in this area. The situation changed only in 1998, when a similar body, the Security Council, chaired by the Prime Minister, was reestablished in view of the country's possible membership of the Alliance (Matějka, 1998).

In September 1995, based on the NATO draft enlargement plan, the Ministry of Defense and the Ministry of Foreign Affairs of the Czech Republic prepared a joint "ad memoire" document commenting on each of its points. The document was discussed with NATO Assistant Secretary G. von Moltke and thus initiated a dialogue on the Czech Republic's possible membership in NATO (Černoch, 2003).

Between September and November 1997, the Czech delegation took part in five rounds of NATO accession negotiations in Brussels. During the last round of these negotiations, the Czech side submitted an official "Letter of Intent", in which it expressed its desire to join NATO. After the Czech Republic's official invitation, the process of joining NATO began, with the practical aspects of the Czech Republic's accession being of particular importance (Tesar, 2000).

The Czech Republic became an official member of NATO in March 1999. On 16th of March 1999, three national flags were raised at the ceremony at NATO headquarters in Brussels:

“History will see the accession of the Czech Republic, Hungary and Poland as a key step towards a Europe of cooperation and integration, towards a Europe without dividing lines.”

– NATO’s Secretary General, Javier Solana (NATO, 1999).

Immediately after officially joining the Alliance in May 1999, the Czech Republic adopted important documents: The Concept of the Armed Forces of the Czech Republic until 2009 and the Military Strategy of the Czech Republic, which defined the country's future defense policy (Tůma et al., 2009).

Accession of the Czech Republic to NATO can be argued to be a very important and significant step in history of the Czech Republic. NATO is the North Atlantic Treaty Organization, the main points of which are security and well-being of its Member States. The purpose of NATO is to ensure freedom and security of its members through policy and military means.

Politically, it means that NATO promotes democratic values and enables members to cooperate on defense and security issues to solve problems, build confidence and in the long term prevent conflicts. Militarily, NATO is committed to a peaceful resolution of disputes. It means, if the diplomatic efforts fail, it has military power to conduct crisis management operations. They are carried out in accordance with the clause on collective defense of the NATO founding treaty - Article 5 of the Washington Treaty - or in accordance with the mandate of the United Nations, individually or in cooperation with other countries and international organizations (NATO, n.d.).

Despite the fact that the Czech Republic's membership in NATO meant the fulfilment of one of the strategic goals of its foreign policy, it was only the beginning of its improvement and increased requirements for its professional and systematic implementation. Membership of the Alliance required a more active policy of the country in all other organizations dealing with security and cooperation in Europe. After joining NATO, the Ministry of Foreign Affairs of the Czech Republic also actively focused its activities on the country's next strategic goal - European integration.

Unconditionally, it can be stated that the Czech Republic can benefit from its membership in NATO. In particular, the main advantages of NATO membership are:

- Increased defense capability of the country.
- Strengthening of its authority in the international environment.
- The ability to influence security policy not only at the regional level but also at the global level.
- Broad opportunities for cooperation within the Alliance, contributing to regional stability.
- Strengthening of security institutions in the Czech Republic.

As of 2024, the Czech Republic is seen as a reliable and predictable partner in the world and a respected state on the international stage. NATO membership for the Czech Republic was one of the most significant events in modern Czech history. Membership in this international organization ensures the highest level of security for the Czech state and creates all the conditions for a peaceful development and prosperity. At the same time, NATO is a serious challenge for the Czech Republic and all its citizens to honor the commitments they made by signing the Washington Treaty and to actively participate in building a secure Europe. However, it must be noted that the 2% of GDP requirement dedicated towards the military has not been met by the Czech Republic thus far, with only around 1% being dedicated or less (CZDefense, 2022). According to the International Trade Administration (2023), the Czech Republic still utilizes military equipment since the Warsaw Pact has been signed, and as of the end of 2023 as reported by Czech Radio (2023), the country fails to provide the planned 2%. Nevertheless, the Czech Republic has planned to fulfill its requirement by the year 2025.

Apart from NATO, the Czech Republic is also a member of the Organization for Security and Co-operation in Europe (OSCE) since its establishment in 1975. The Organization for Security and Co-operation in Europe (OSCE) is the world's largest regional security organization, consisting of 57 participating states from North America, Europe, and Central Asia. The main aim of the organizations is to prevent conflicts and defend human rights and democratic principles (Organization for Security and Co-operation in Europe, n.d.).

As a member state, the Czech Republic supports the work of the OSCE within its comprehensive concept of security in all three dimensions: politico-military, economic and environmental, and human. In particular, the country actively participates in the activities of the OSCE and contributes to its various decision-making processes. This includes participation in ministerial meetings, parliamentary assemblies, also by hosting the annual OSCE Economic and Environmental Forum, the Czech side demonstrates its continued interest in participating in OSCE activities. The Czech Republic has also consistently participated in OSCE election monitoring activities and sent experts to its field missions. The Czech Republic promotes its policy towards the OSCE through its Permanent Mission to the OSCE in Vienna. The Permanent Mission actively co-operates with the OSCE Chairmanship in addressing current issues and implementing OSCE principles and

commitments (Ministerstvo zahraničních věcí České republiky, n.d.). Overall, the Czech Republic's participation in the OSCE reflects its desire to contribute to peace, stability, and security in the region.

To conclude, it can be stated that the Czech Republic's membership of NATO and the OSCE is of great importance. Both organizations play an important role in ensuring security, stability and cooperation in Europe and the international community. As a member of NATO, the Czech Republic enjoys the benefits of collective defense and mutual security guarantees, also can count on the support of other NATO members in the event of an attack, which contributes to its national security. As a member of OSCE, the Czech Republic actively participates in efforts to promote dialogue, conflict prevention, human rights, and democratic principles. This organization serves as a platform for member states to discuss and address various security issues, such as arms control, human trafficking, and the protection of minorities.

4.6. Evaluation of the benefits of entry of the Czech Republic to the EU

Accession of the Czech Republic to the European Union brought the country more freedom and rights within Europe, however it also created additional commitments and the Czech Republic is obligated to follow them as a member state of the European Union. A united Europe has created a single entity that is not threatened by wars, power struggles and international disputes. Of course, there are problems arising from the diversity of the countries, but efforts are being made to ensure that the quality of life, social security, economy, and environment of Europeans are improved. EU membership can be considered as an opportunity to be part of a broader organization where living standards are among the highest in the world and where people living in the EU have profound opportunities to live a decent and dignified life.

4.6.1. Positive Aspects

Assessing the positive sides of the accession of the Czech Republic to the EU, the following aspects can be distinguished:

- Economic and social growth
- Increased trade

- The access to the EU fundings
- Greater political and economic stability

Economic growth in the Czech Republic after accession to the EU became one of the most significant changes. As aforementioned, GDP increased despite the economic crisis in 2008 and the impact of the Covid-19 in 2020, which not only affected the Czech Republic, but also all the other countries of the Union, including third countries. With the accession to the EU, the country also benefited from the free movement of goods, services, people, and capital within the EU. This has improved the standard of living, education, health care and cultural diversity of its citizens. The country has also adopted EU social and labor standards, which have strengthened protection for workers, consumers, and minorities.

As for increased trade, it can be noted that the Czech economy is small and dependent on trade relations. Before the 1989 revolution, the Czech economy's foreign trade was mainly directed towards the countries of the former Soviet bloc, but after the collapse of the Soviet Union, the Czech Republic had to look for completely new trading partners and reorient its trade towards European countries. As of 2024, products that are produced in the Czech Republic are mainly sold on the European market.

Regarding the access to the EU fundings, it can be stated that the Czech Republic is one of the biggest beneficiaries of the European Structural and Investment Funds (ESI Funds). In 2018, around 14.6 billion euros have been allocated to specific projects. In addition, 1.2 billion euros have been allocated to strategic transport link projects through the Connecting Europe Facility, 221 million euros have been invested through the Horizon 2020 program to wide range of topics from transport, energy to environment, health, and agriculture. More than 560 million euros has been allocated to strengthen capacities for public administration at different levels. In total, by the end of 2018, EU funding helped to improve infrastructure for more than 4 800 researchers and nearly 4 000 businesses. More than 700 km of roads and 120 km of railways were built or reconstructed (European Commission, 2019). More specific allocation of the ESI funds are presented in Table 6:

Table 6 – Allocation of the ESI funds among the programmes in the period 2014-2020 (billions EUR)

Allocation of the ESI funds among the programs in the period 2014-2020 (billions EUR)	
Integrated Regional Operational Program (OP)	4,76 bn EUR
OP Transport	4, 56 bn EUR
OP Enterprise and Innovation for Competitiveness	4,09 bn EUR
OP Environment	2,79 bn EUR
OP Research. Development and Education	2,77 bn EUR
Rural Development Program	2,31 bn EUR
OP Employment	2,15 bn EUR
OP Technical Assistance	0,21 bn EUR
OP Prague – Growth Pole of the Czech Republic	0,2 bn EUR
OP Fisheries	0,03 bn EUR

Source: Data compiled by author from DotaceEU (2021)

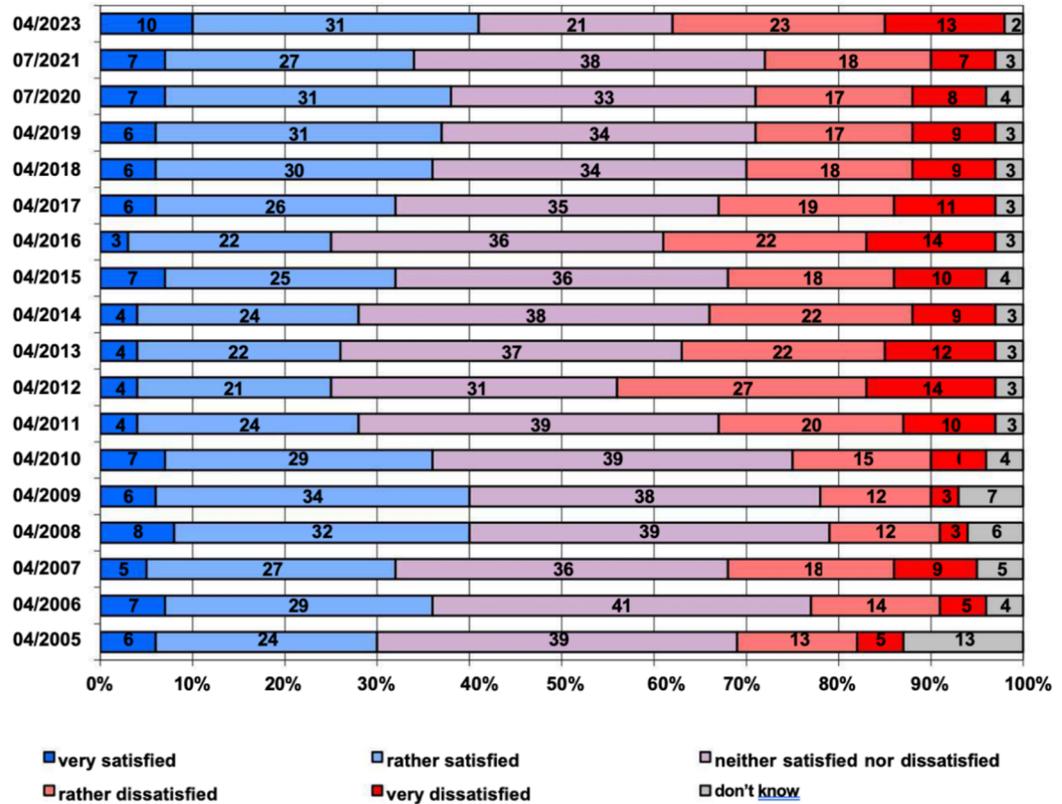
As for greater stability in the country, it can be stressed that foreign investors feel more confident about investing in the country after accession, which had a positive impact on GDP. Investors have recognized that the Czech Republic can now offer a stable and independent business environment, as the inflow of deposits from foreign investors had increased after the country joined the EU.

4.6.2. Negative Aspects

Even though EU membership has brought many benefits to the Czech Republic, there are also areas of concern and moments that can be seen as negative. By being a member state of the EU, the country must adopt many EU legislative norms and regulations, which can impose administrative burdens on businesses and government, potentially decreasing efficiency, and innovation. Thus, it can be stated that the first negative aspect is the EU bureaucracy. The second one is possibility of losing sovereignty and Czech cultural identity, which means that the Czech Republic must submit to the decisions of other EU member states and cannot make decisions independently, which can lead to a loss of national interests. It means that decisions are made at the European level rather than domestically. The third aspect is that by joining the EU, the country will have to adopt the euro (joining the Eurozone) and fulfil refugee quotas, which can be seen as costly and excessive for the country. The fourth aspect is migration concern, which means that with free movement of people - working professionals, issues regarding labor market, competition and social integration can occur.

During April-May 2023, the annual survey among Czech population was conducted with the help of the Center for Public Opinion Research of Institute of Sociology of the Academy of Sciences of the Czech Republic regarding their opinion on Czech membership in the European Union, benefits and harms of the EU integration. The survey was done in the form of private conversation, the age of the people who took part in the survey was 15 years old and older, number of respondents was 834. The first question was: "How satisfied are you with the membership of the Czech Republic in the European Union?" Options of answers: you are very satisfied; rather satisfied; neither satisfied nor dissatisfied; rather dissatisfied; very dissatisfied". Figure 9 demonstrates that more than two fifths (41%) of Czech citizens are satisfied with the Czech Republic's membership in the European Union, more than a fifth (21%) hold the neutral position of "neither satisfied nor dissatisfied" and more than a third (36%) are dissatisfied (Centrum pro výzkum veřejného mínění, 2023).

Figure 9 – Satisfaction with the Czech Republic’s membership in the EU



Source: Centrum pro výzkum veřejného mínění (2023)

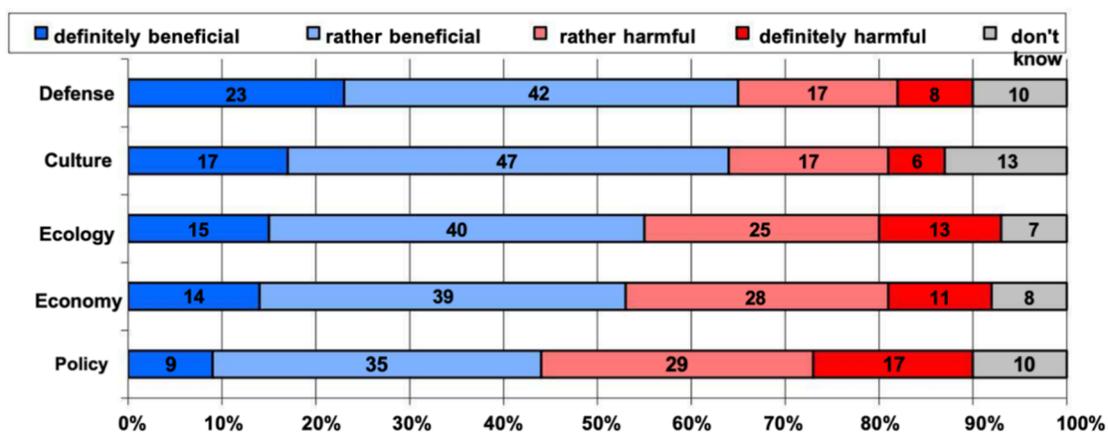
The reasons of the people’s opinion on satisfaction or dissatisfaction are influenced by age, education and standard of living, while satisfaction with the membership of the Czech Republic in the European Union increases with increasing education and improving standard of living, and on the contrary decreases with increasing age (Centrum pro výzkum veřejného mínění, 2023).

The second question was: “Do you think European integration is beneficial or harmful in the following areas: a) economy, b) politics, c) culture, d) defense, e) ecology?” Options of answers: definitely beneficial, rather beneficial, rather harmful, definitely harmful. As the Figure 10 shows – the Czech public is generally convinced of the benefits of European integration in most of the areas surveyed, with the exception of politics. In particular, less than two thirds of respondents believe that European integration is beneficial in the areas of defense (65%) and culture (64%). More than half of the Czech public also described integration as beneficial in the fields of the environment (55%) and the economy (53%). A quarter of respondents (25%) see European integration in the field of defense as

harmful and less than a quarter see European integration in the field of culture as harmful (23%). Almost two-fifths of Czechs see integration in the fields of the environment (38%) and the economy (39%).

The Czech public is least likely to see European integration as beneficial in the field of politics, where the proportions of those who see it as beneficial and harmful are practically equal (44% beneficial, 46% harmful).

Figure 10 - Benefits and harms of the Czech Republic’s integration into the EU



Source: Centrum pro výzkum veřejného mínění (2023)

It is important to note that Euroscepticism has been on the rise in the Czech Republic since 2019, where only 47% of voters responded that they would vote to remain in EU if a referendum was held, despite more than 60% of the respondents indicating that they believe that the Czech Republic has benefitted from its membership within the EU. Similar developments were observed during Brexit, where the initial surveys showed that 45% of voters indicated that they would remain in the EU. As of 2019, this level of Euroscepticism was the lowest in all of Europe (Mortkowitz & Bauerova, 2019). However, the survey of which Figures 9 and 10 demonstrate the results did not inquire whether the sample group would vote to remain if EU referendum were held. Thus, the current rate of Euroscepticism is unknown.

To conclude, everything that was mentioned above it can be noted that the Czech Republic has many benefits from being a Member State of the European Union. In particular, in economic and social growth, increased trade, the country has access to the EU fundings,

greater defense. However, there are also negative sides. The fact remains that public opinion mostly agrees that membership is more beneficial for the country, rather than harmful.

4.7. EU Presidency

The EU Presidency is the Presidency of the Council of the European Union that is held by the member states, which lead and chair the meetings that help to ensure the ongoing work of the European Union. The main responsibility of the EU presidency is to determine the scope of work (agenda), priorities of the Council of the EU and to speed the intensity of the negotiations on individual legislative proposals. Each member state takes its turn holding the position of presidency of the EU Council. The EU presidency is one of the most important tools a member state can use to influence the day-to-day functioning of the EU, long-term goals, and external visibility of the EU. The presidency lasts six months and is held by member states on a rotating basis. The timetable for the presidency is set in the long term for all member states, as the EU presidency is a responsibility for all EU members. For a period of six months, the presiding state serves as the main point for the EU policy decisions. Therefore, holding the position of the EU presidency entails a considerable level of authority and power (Vláda České republiky, 2024).

The country holding the Presidency chairs the meetings of the EU Council and most of its working formations. It represents the EU Council in meetings with the European Parliament, the European Commission, external partners and in international organizations. The Presidency also works closely with the permanent President of the European Council and his or her team. Every member state determines its priorities and presents them to the European Parliament and the Council. There are three member states that are in charge and working together in groups, forming “trios.” The system of trios was introduced by the Lisbon treaty in 2009 (European Council, 2024). The “trio” that is in charge of the presidency draws up a joint agenda that sets the course of the EU Council for the next eighteen months, taking into account the objectives of each of the three member states involved. Thus, each member state holds the EU presidency for 6 months. The definition of the program is not entirely arbitrary. Most member states focus on matters that are currently under negotiation at the EU level.

The Czech Republic had its first EU presidency in the first part of 2009 and the second one in the second half of 2022. However, the preparation for these events were held earlier. For instance, the preparation for the first presidency started in 2006, after the elections that occurred in the summer of that year. In October 2007 - the document “Priority areas of the Czech Republic’s Presidency of the Council of the European Union in the first half of 2009” was released by the Deputy Prime Minister's Office for European Affairs (2007). In this document the main priorities and interests were described including internal preferences of the Czech Republic and external factors. It is important to note, that during the first EU presidency, the Czech Republic worked in “trio,” along with France and Sweden. Thus, every leading country had to be a part of the 18 months program preparation and support each other (Král et al., 2009; Fuksiewicz & Łada, 2009).

The second presidency of the Czech Republic took place in 2022, and the preparation process had started in summer 2018 with the approval of a government resolution outlining the main guiding and coordination concepts and allocating preliminary responsibilities. The Office of the Government of the Czech Republic had also registered the domain www.eu.2022.cz in advance of the country’s second presidency (Czech Presidency of the Council of the European Union, 2022). Updates on the preparations for the Czech presidency were gradually posted there. The Czech Republic was again a part of trio along with Sweden and France. In cooperation with the European Parliament, the nation actively coordinated a number of interparliamentary conferences.

The following EU countries have chaired the EU presidency during 2019-2024 (Vláda České republiky, 2024):

- Romania – 1st part of 2019
- Finland – 2nd half of 2019
- Croatia – 1st part of 2020
- Germany – 2nd part of 2020
- Portugal – 1st part of 2021
- Slovenia – 2nd part in 2021
- France – 1st part of 2022
- The Czech Republic – 2nd part of 2022
- Sweden – 1st part of 2023

- Spain, Belgium, Hungary (trio) – 2023-2024

To conclude, it can be stressed that the EU presidency is very important for the country that led it, as it shows the reputation of the leading country, and it has significant importance for political power and state administration. It also shows the ability to listen to the representatives of other member states and find mutual solutions.

4.7.1. EU Presidency in 2009

The Czech Presidency of the Council of the EU is an important role for the country. The Czech Republic first led the Presidency of the Council of the EU on 1 January 2009 before the Lisbon Treaty was ratified. The preparation of the Czech Presidency was coordinated by the Office of the Deputy Prime Minister for European Affairs at the Government Office, headed by Deputy Prime Minister Alexandr Vondra. After Slovenia, the Czech Republic was only the second "new" Member State to hold the Presidency of the Council of the European Union. The Czech Presidency also coincided with the 20th anniversary of the fall of the Iron Curtain and the fifth anniversary of the largest ever EU enlargement, of which the Czech Republic was a part (Tvoříme Evropu, 2010).

As it was mentioned in the previous chapter, the first document containing the directions of the Czech EU Presidency was prepared by the Office of the Deputy Prime Minister for European Affairs in 2007 – “Priority areas of the Czech Republic’s Presidency of the Council of the European Union in the first half of 2009” (Czech Presidency of the Council of the European Union, 2022). According to this document, the sense of general priorities of the Presidency were included in the main mottos: "Europe Without Barriers" and "A Competitive and Open Europe". Moreover, within these priorities, the document distinguished the following sub-areas:

- Sustainable and Secure Energy
- A Budget for Europe’s Future
- Europe as a Global Partner
- A Secure and Free Europe

However, the document was considered as quite general, and inaccurately reflected the external factors under which the Presidency would be carried out. In particular, the

external factors that influenced the Czech leadership at that time, the end of the term of European Commission and the upcoming European Parliament elections and the strong role of the previous French presidency (Král et al., 2009). Taking into account these factors, a new reworked document was demanded.

Starting from the end of 2007 – beginning of the 2008, the Czech government negotiated with governments of France and Sweden on the 18month program of the Presidency. Many issues were under consideration, such as EU enlargement, the Eastern Partnership, better regulation, liberal internal market and trade. The viewpoints of the Czech and Swedish governments were approaching each other, but it was exceedingly difficult to come to a consensus with the French Presidency, whose main slogan was "Protecting Europe," on variety of topics (Král et al., 2009).

Despite, all the facts indicated above, the final document of the Czech presidency was prepared and presented after beginning of the presidency on 6th of January 2009, named: "Work Program of the Czech Presidency of the Council of the EU in 2009. Europe without Barriers". According to this work program, the general priorities of the Czech Presidency were (Ministerstvo vnitra České republiky, 2010):

- Economy,
- Energy sector and climate change
- External relations.

Considering the economic sector, the main goals of the Presidency were: recovering after the financial crisis in 2008, prevention of further crises, the extension of the "four freedoms", (such as free movement of persons, where the Czech government pushed for the elimination of all transitional periods for the new member states), promotion of liberalization of international trade, stability of financial markets, Therefore, European Economic Recovery Plan was published by the European Commission in December 2008, that provided a common framework for coordination of the efforts between the EU and member states (Commission of the European Communities, 2008). Moreover, it can be stated that the Czech EU Presidency found itself in a leading position to address the consequences of economic crisis. From its intended role, in which the presidency was mainly expected to lead discussions on the future development of the EU single market, the Lisbon strategy, better regulation, the EU budget and other economic issues that were on the presidency's – to

become an EU-wide crisis manager and, by formulating a common European position on the G20 summit, in a global environment (Král et al., 2009). G20 summit was held in London in April 2009 and was considered to be an international cooperation about stabilization, regulation, supervision and prevention of the spread of economic instability around the world and prevention of a threat of protectionism and undue state intervention (Ministerstvo vnitra České republiky, 2010). Moreover, the summit agreed to invest US \$1.1 trillion in the global economy and to strengthen the supervision of financial institutions and markets by creating a new Financial Stability Board (FSB) with an expanded mandate (Král et al., 2009).

The energy sector and climate change were the Czech EU presidency's key priorities. The Czech government stressed that external energy security is not possible without strong single energy market and these two areas cannot be considered separately. The gas crisis between Russia and Ukraine in January 2009 brought external energy security on the top of the rest of priorities.

During the spring meeting of the European Council, a €5 billion package to support Europe's economic recovery, with the energy infrastructure projects being the highlight of the plan was approved. The Czech Presidency, with the support of Central and Eastern European Member States, reached an agreement to revive the restored Nabucco project (Nabucco pipeline that could give Caspian basin energy a different path that would avoid Russia) to the list of explicitly mentioned items of financial investment and to allocate 1.5 billion to improve the interconnection of member states' gas pipelines. The total amount allocated to energy infrastructure projects had reached €4 billion" (Král et al., 2009). This package, which was supposed to be financed from EU budget reserves, was widely seen as a successful component of the Czech Presidency.

As for climate change, the main goal of the EU Presidency was to protect the environment and to keep the position of the region as a global leader in sustainability. One of the priorities was to conduct negotiations to achieve the view of reaching the global agreement on the setting of the targets for the reduction of greenhouse gas emissions after 2012 in the line with the EU commitment to limit the maximum increase in the average global temperature to no more than 2 °C by 2050. Therefore, the Czech Presidency actively worked with the European Commission, heads of state and government, and environment and finance ministers. Together, they worked towards an ambitious and effective climate

agreement at the Copenhagen Climate Conference. Moreover, the adoption of energy and climate change packages was also one of the goals (Ministerstvo vnitra České republiky, 2010). However, during the Czech Presidency it was too early to determine specific amounts for climate protection.

The direction of External Relations of the EU Presidency was devoted to support the cooperation with the third countries and international organizations what was essential for success in the field of justice and home affairs. At the international level, the Czech Republic made priority on the Eastern Partnership, what was intended to develop the Union's relations with its eastern neighbors. Other important events include the rapprochement between the European Union and the USA and the meeting of the leaders of the 27 countries with the new President Barack Obama.

The enlargement of the EU to other member states was also an important priority. The Czech Republic was particularly committed to the Western Balkan countries. Despite the initial suspension of accession talks with Croatia, important steps towards deeper European integration had been taken in this region. The Czech EU Presidency forwarded Montenegro's application for further negotiations and also registered a new candidate, Albania. Negotiations with Turkey regarding the EU accession continued (Tvoříme Evropu, 2010). The key aspects in cooperation included the deepening of energy, economic, trade and environmental partnership; respect of fundamental rights and freedoms; support for democratization and transformation processes; promoting support of democratization and transformational processes; promotion of mobility and migration management; maintaining mutual contacts at different levels, including political and security cooperation (Ministerstvo vnitra České republiky, 2010).

Special attention should be devoted to the adoption of the Lisbon Treaty, which was signed in Lisbon in December 2007, however, was not ratified till 2009. At the time of the Czech presidency, the President of the country was Vaclav Klaus, who publicly disagreed with the ratification of the treaty. He was stating that the ratification of the Lisbon Treaty will lead to a further and unacceptable pooling of sovereignties and disruption of the sovereignty of member states. He was defending his position in the varies interviews and articles. Thus, the Lisbon Treaty had not been ratified before the start of the Czech presidency (Tvoříme Evropu, 2010). The ratification process was also interrupted twice by

the review by the Constitutional Court and then delayed by the President of the Republic's insistence that the Lisbon Treaty should include safeguards against destabilization of the property regime in the Czech Republic. Thus, the Czech Republic was the last EU state to ratify the Lisbon Treaty.

The Czech Presidency in 2009 can be summarized in the following points (Tvořime Evropu, 2010):

- Overall budget – CZK 1.9 billion
- 31 summits, including 7 summits at the highest level
- 550 conferences in the Czech Republic
- 500 cultural events held under the power of the Czech Chairmanship
- 146 diplomats at the Permanent Mission of the Czech Republic in Brussels
- 1,500 officials involved in the Czech Chairmanship
- 4000 standard pages of translated documents
- 3730 accredited journalists, including 2049 foreign journalists.

To conclude, it can be stated that the Czech Republic was given a platform to influence the EU policy, deal with international issues, improve European collaboration and unite the member states in their decisions during its EU Presidency in 2009. The EU Presidency of the Czech Republic had some positive and negative aspects. The positive aspects can be seen in energy sector and in EU enlargement, however the ratification of the Lisbon Treaty was an issue for the Czech Republic and the EU.

4.7.2. EU Presidency in 2022

The Czech Republic's second presidency of the Council of the European Union was held in 2022 (1 July to 31 December 2022), in the middle of a trio of presidencies, preceded by France and followed by Sweden (Bureš, 2023, pp. 114-116).

The main document, outlining the aims and objectives of the presidency "Priorities of the Czech Presidency of the Council of the European Union in 2022", had the motto "Europe as a task: rethink, rebuild, repower". The slogan "Europe as a task" is taken from a famous 1996 speech by Václav Havel, former president of Czechoslovakia, and later of the Czech Republic reflected on the future of the continent in his speech at the Charlemagne

Prize ceremony in 1996 entitled Europe as a Task. The President stressed that the tasks facing Europe deserved careful and thorough reflection (Prague House, 2022).

The structure of the presidency's goals was divided into five sections, according to five different areas. Since, the Czech presidency took place after the Russian aggression against Ukraine, one of the most important issues was management of the refugee crisis and post-war reconstruction of Ukraine. The Czech presidency intended to facilitate the formation of a consensus regarding the position of Ukraine as a candidate country in the European Union (Czech Presidency of the Council of the European Union, 2022b).

The main points can be distinguished within the following priorities (Czech Presidency of the Council of the European Union, 2022b):

- Support of Ukraine's efforts to defend its sovereignty and territorial integrity.
- Strengthening of sanctions against the Russian Federation.
- Political and military support.
- Support in integration of Ukrainian refugees into European system of healthcare, education, labor market.
- Restoring critical infrastructure after war in Ukraine.
- Post-war economic recovery.

The second priority was related to the first priority since the European Union stressed the importance of reducing its dependency on Russia as an energy supplier. Cut off from dependency of Russian energy, gas and coal was in high demand. Thus, implementation of REPowerEU (a proposal to end the dependency on Russian energy resources) was an important part for source diversification, including energy conservation, logistics, and the switch to low-emission and renewable energy sources. The presidency's goal was to focus on lowering emissions, supporting ecologically friendly means of transport, and building infrastructure for alternative fuels.

The third priority was strengthening Europe's defense and cybersecurity. Taking into account the instability in the world connected with the war in Ukraine, the Czech presidency concentrated on defense capabilities, in particular – strengthening collaboration with NATO, providing assistance for the execution of important subjects, included in the Strategic

Compass, investments in strategic military systems (Czech Presidency of the Council of the European Union, 2022b).

The fourth priority was about the European economy's strategic resilience. The latest events in 2020 – Covid-2019 and the war in Ukraine since 2022 contributed towards the cost increase of energy resources which caused an inflation in prices on multiple industries affecting many member states. This serves as further proof that the EU should decrease its dependency on the hostile and unstable regime.

In order to strengthen strategic stability, purposeful support of technological competitiveness on the basis of own production capacities, together with the deepening of free trade with democratic nations of the world, was of great importance. Therefore, special emphasis had to be placed on the security of IT supply chains. Accelerating the digitization and automation of European industry was also of high importance, expansion of competitive production in the EU, with a special emphasis on strategic sectors. A more efficient circular economy had to help reduce the need for imports of primary materials. The green and digital transition had to be carried out in a way that promotes convergence.

The final and fourth priority was regarding the stability of democratic institutions. The aim of which was to focus on strengthening the resilience of institutions that have a large impact on maintaining and developing the values of democracy and the rule of law in the EU. They include, for instance, transparent funding of political parties, media independence and open dialogue with citizens. The Czech presidency had also focus on respect and strengthening freedoms and European values both offline and online. Leveling the playing field for European and non-European firms, particularly in the field of environment and climate impact and respect for human rights, had to create conditions for further development trading in open markets. In the international context, the European Action Plan on Human Rights and Democracy had to be implemented, using appropriate tools, including potential sanctions mechanisms (Czech Presidency of the Council of the European Union, 2022b).

5. Discussion

The Czech Republic has been integrated into the single market of the EU fully since its accession and remains fairly hesitant in applying protectionist barriers and declaring sovereignty on certain products such as tobacco. This places the Czech Republic into a relatively open position within the EU for conducting its trade. The Czech Republic largely benefits from receiving human labor from different countries in order to maintain its industries, however, it also suffers from the brain drain phenomena which includes large volumes of skilled labor leaving the country to other member states that provide more opportunities and more financial well-being. Nevertheless, the Czech Republic is committed towards building its economy further, maintaining stability and ensuring a single market in the digital and physical spheres.

The Czech Republic maintains its presence within the EU authoritative bodies and has contributed towards shaping the future of EU. The country was rapid in ensuring that all of accession criteria are met, particularly within the law, in order to facilitate its transition. This has presented the country with beneficial development of trade, as member states continue to be the main partners of the Czech Republic in terms of its economic trade of goods and services. However, the country still maintains relative barriers to protect its growing industries from outside influence which can be beneficial for the Czech Republic in the long-term.

The economic development of the Czech Republic has been relatively stable in comparison to other member states, observing an overall lower rate of inflation, unemployment and higher growth of GDP in the long-term. This largely serves as evidence of the positive financial performance of the Czech Republic and being resilient towards bad economic conditions due to its relatively fast recovery rate. However, the Czech Republic's indicator of unemployment being one of the smallest in the EU can be treated with caution as it primarily depends on the large influx of migrants to fulfill the roles in certain industries, leaving the country and specific industries vulnerable.

Although the Czech Republic is in a state of trade deficit as it continues to recover from the COVID-19 pandemic slowdown and the economic effects of the Russian invasion of Ukraine in 2022, its indicators are relatively in line with the rest of member countries. The overall maintenance of a trade surplus of the Czech Republic prior to these events were

above the average indicators of other member states and the economy should recover in the near future.

The accession of the Czech Republic into NATO and OSCE has positioned the Czech Republic to be in line with maintaining peace and prosperity within the EU region. With the ongoing invasion of Ukraine in 2022, the membership of the Czech Republic in NATO becomes increasingly important as it is in relatively close proximity to the region at conflict.

The membership of the Czech Republic within the EU has been largely beneficial, as it provided the necessary access to the free market to facilitate the growth of its economy. The flow of investments into the Czech Republic has also substantially increased since its accession, however, remains fairly inhibited by the lack of attraction due to maintaining the Czech crown. Nevertheless, it allows the Czech Republic to manage its own financial indicators independently from the fluctuations of euro relatively well and promoting stability. There are negative aspects of the membership such as a loss of its sovereignty, loss of cultural identity and increased dependence on foreign human labor to maintain some of its industries. This has led towards a general shift of opinion among the Czech citizens towards the European Union, which have shown higher approval of EU at the point of accession in comparison to now.

Considering that the EU Czech Presidency took place in quite difficult time - after world pandemic and after the war between Russia and Ukraine had started – it was quite successful. The Czech Republic considered the EU enlargement as an important strategic tool for supporting an area of peace, stability, and prosperity in Europe. The presidency contributed to the launch of accession of negotiations with Albania and North Macedonia as the first intergovernmental conferences with two countries took place on July 19, 2022. The cohesion policy was adopted, the aim of which was restoration and strengthening of resilience in connection with the crisis caused due to Russian aggression in Ukraine or the COVID-19 pandemic as a contribution to the achievement of EU goals in the field of digitalization and transition. During the Czech presidency, the EU accepted 7th, 8th and 9th packages of sanctions against Russia, limiting the price of Russian oil in cooperation with the G7 countries. The EU also fully agreed on suspension of the visa facilitation agreement between Russia and the EU.

6. Conclusion

The Czech Republic plays a vital role and contributes towards the stability of the EU in a profound manner. Helping to shape the future and contributing economically towards its well-being, the Czech Republic also benefits greatly through its bilateral relationship with the EU as a central body and its member states. Although there are significant advantages towards its membership within the EU, there are significant drawbacks that are affecting the perception of Czech citizens today. This is primarily attributed to harsh economic conditions and the large influx of refugees, contributing towards a more protective stance on politics and the inclusive requirements of the EU. This is primarily due to increased concerns for maintaining the sovereignty and culture of the Czech Republic and protecting its identity as a state.

Despite these worries, the government of the Czech Republic remains relatively unaffected by the war in Ukraine in its stance towards protecting the liberty and freedoms, as well as maintaining the European values that have helped to shape the country and its economic conditions to this day since its accession. The Czech Republic is committed towards increasing its independence in terms of energy and ensuring sustainability in line with the EU vision for the years 2030 and 2050. The Czech Republic continues to be one of the main benefactors of the ESI funds, ensuring its growth and maintaining a good relational standing with the EU as a whole.

The limitation of this study has been primarily the unavailability of the most up to date data. Particularly, a more updated analysis is suggested in terms of the approval ratings among Czech citizens being made or conducted independently in relation to the stance of citizens on issues such as migrants and addressing direct issues associated with membership within the EU, as the questions that were included in assessed survey were largely broad. Nevertheless, understanding the current level of Euroscepticism would further benefit the analysis of Czech citizens view on the position of the Czech Republic in the EU.

Additionally, for future research it is recommended to conduct an in-depth analysis on how the indicators of the Czech Republic compared before and after accession to the EU with a benchmarking country, in order to assess the extent of the benefit of EU accession and examining alternative scenarios through econometric modeling and forecasting.

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8. List of Figures

Table of Figures

Figure 1 – GDP Growth in the Czech Republic.....	42
Figure 2 – GDP per capita growth (annual %).....	44
Figure 3 – GDP growth rate (%), GDP per capita (\$).....	46
Figure 4 – The Czech Republic’s Inflation Rate.....	47
Figure 5 – The Czech Republic’s Unemployment Rate	48
Figure 6 – The Czech Republic’s Trade Balance	49
Figure 7 – GDP of Member States.....	53
Figure 8 – GDP per capita of Member States	54
Figure 9 – Satisfaction with the Czech Republic’s membership in the EU	65
Figure 10 - Benefits and harms of the Czech Republic’s integration into the EU.....	66

9. List of Tables

Table of Tables

Table 1 – Member states of the EU (as of March, 2024).....	21
Table 2 – History of the Czech Republic’s GDP	46
Table 3 – History of the Czech Republic’s Inflation Rate.....	47
Table 4 – History of the Czech Republic’s Unemployment Rate.....	48
Table 5 – History of the Czech Republic’s Trade Balance.....	49
Table 6 – Allocation of the ESI funds among the programmes in the period 2014-2020 (billions EUR).....	63