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# FMA VISIT TO THE CZECH REPUBLIC



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## TABLE OF CONTENTS

| 01 | Czech Republic                 | 02 |
|----|--------------------------------|----|
| 02 | Czech Republic's EU presidency | 07 |
| 03 | Politics in Czech Republic     | 23 |
| 04 | Political actors               | 27 |
| 05 | Economy in Czech Republic      | 31 |
| 06 | Useful information             | 40 |

## CZECH REPUBLIC

#### PRESENTATION OF THE COUNTRY'

#### **General informations:**

Official name: Czech Republic

Form of government: bicameral parliamentary republic

President of the Republic: Mr. Miloš Zeman (2013 and 2018, end of term 2023)

Prime Minister: Mr. Petr Fiala (since 28 November 2021)

#### **Geographical data:**

Surface area: 78,870 km<sup>2</sup>

Capital city: Prague

Main cities: Brno, Ostrava, Plzeň

Official language: Czech

Currency: Czech crown (CZK)

National day: 28 October (creation of Czechoslovakia in 1918)

#### **Demographic data:**

Population (2021): 10,701,777

Density: 136 inhabitants/km² (2021) Population growth (2021): + 0.2

Life expectancy (2021): 74.3 years (men); 80.6 years (women)

Religion: no official religion

Human Development Index (2019): 0.9 (27th)

Literacy rate (2018): 99.01

1.https://www.diplomatie.gouv.fr/fr/dossiers-pays/republique-tcheque/presentation-de-la-republique-tcheque/

#### **HISTORY**<sup>1</sup>

The Czech Republic came into being on January 1, 1993, upon the dissolution of the Czechoslovak federation. At the time of the separation, the federation's assets were divided at a ratio of two to one in favour of the Czechs; special agreements were made for a natural gas pipeline from Russia, the diplomatic service, and the armed forces. The citizens of the former federation also were divided on the basis of new nationality laws, and, immediately after partition, large numbers of Slovaks began applying for Czech citizenship.

Václav Havel, who had served as the first president of Czechoslovakia after the overthrow of the communists, was elected president of the republic in January 1993, and Václav Klaus became prime minister. Because there was as yet no Senate, the election was conducted only by the Chamber of Deputies, thus contravening the republic's new constitution. Although the separation with Slovakia proceeded amicably—quickly dubbed the Velvet Divorce, in reference to the 1989 Velvet Revolution—customs posts were erected along the Czech-Slovak border, and signs of rising national tempers were briefly noted on both sides of the new frontier.

Under a centre-right coalition government—composed of the Civic Democratic Party, the Civic Democratic Alliance, and the Christian and Democratic Union–Czech People's Party—the new Czech Republic pursued a fairly aggressive policy of political and economic reform, the cornerstone of which was a program of rapid privatization. On May 31–June 1, 1996, the Czech Republic held its first general election since the country had become a separate entity. The coalition government lost its parliamentary majority when the centre-left Czech Social Democratic Party nearly quadrupled the number of seats it had previously held in the Chamber of Deputies. Nevertheless, the coalition headed by Klaus and Havel remained in power, with a pledge of support from the Social Democrats. However, major economic problems, serious rifts within the ruling coalition, and public dissatisfaction with Klaus's leadership and economic policy forced the prime minister's resignation in November 1997. Klaus's Civic Democratic Party then split into two factions. Jan Ruml, a former interior minister, founded a new conservative party, the Freedom Union, to which almost half of the Civic Democrat deputies defected.

Klaus, however, remained a political force and shortly after his resignation was reelected party chairman of the Civic Democratic Party. At the June 1998 elections his party won more than one-fourth of the votes; the Social Democrats won nearly one-third. President Havel, who had been reelected by a slim margin to a second term in January, called upon Social Democrat chairman Miloš Zeman (as the leader of the party with the largest number of seats in the Chamber of Deputies) to form a government, which was not initially successful. Eventually Zeman was installed as prime minister, and Klaus was elected to the chairmanship of the Chamber of Deputies.

The country's domestic troubles during the mid- to late 1990s were to some extent mitigated by its acceptance into NATO. However, by the end of the 1990s, public dissatisfaction with the political leadership was growing. In early 1999, a group of prominent political writers issued "Impuls 99," a declaration calling for decisive social, moral, and political change that would ensure the country's rapid accession to the European Union (EU), to which it had formally applied for membership in 1996. In November 1999 activists who had been leaders during the 1989 revolution circulated a more radical manifesto, "Thank You! Now Leave!," demanding the resignations of the leaders of all the major political parties for jeopardizing the Czech Republic's acceptance into the EU. Tens of thousands of citizens took to the streets of Prague and other cities to demonstrate against the government. Another cause for concern was the spread of racial violence against the Roma (Gypsies).

On the other hand, in the realm of foreign policy, the Czech Republic experienced considerable success during the 1990s. In January 1997 Germany and the Czech Republic signed a document of reconciliation in which Germany acknowledged regret for its treatment of Czechs during the Nazi era, and the Czech Republic expressed remorse for Czechoslovakia's expulsion of some three million Germans from the Sudeten region following World War II. Relations between Slovakia and the Czech Republic, however, remained tense for most of the 1990s, with some improvement in the early 21st century.

Klaus regained the political spotlight in 2003 when he became president at the conclusion of Havel's decade-long tenure. Klaus, who was narrowly reelected by the Czech Parliament in February 2008, served alongside a series of prime ministers and cabinets beset by political infighting. Meanwhile, the Czech Republic had taken a historic step on May 1, 2004, when it became a member of the EU, and during the first half of 2009 the country assumed the rotating EU presidency. Some observers questioned the republic's fitness to lead the EU when, in March 2009, the centre-right Czech government collapsed after losing a parliamentary vote of confidence. A nonpartisan interim prime minister, Jan Fischer, took power in May.

In the same month, the Czech Senate voted in favour of the EU's Lisbon Treaty (an agreement to reform certain EU institutions), which the lower house had already approved. Klaus, however, claimed that the treaty was not in the best interests of the Czech Republic and refused to sign it until November 2009, when the Czech Constitutional Court ruled that the treaty did not threaten the Czech constitution. Klaus then reluctantly endorsed the treaty, completing the country's ratification process. The Czech Republic thus became the last of the 27 EU members to ratify the Lisbon Treaty.

Meanwhile, the country's interim government remained in power for more than a year, until July 2010, when President Klaus appointed a fellow Civic Democrat, Petr Nečas, as prime minister. Nečas headed a new coalition government comprising the Civic Democratic Party and two other right-of-centre parties. Although the Czech Social Democratic Party had garnered the most votes in the parliamentary elections held in late May, the three centre-right parties together had won a majority. The coalition enacted a number of austerity measures in response to the financial crisis that had wracked the euro area, but corruption scandals and leadership struggles limited the government's effectiveness.

The Nečas administration pursued reforms to the social welfare system and the tax code throughout 2011, but infighting and a Social Democratic majority in the Senate hobbled many of the coalition's efforts. Those difficulties were overcome in February 2012 when the coalition and the Social Democrats united to pass an amendment to the Czech constitution that introduced direct presidential elections. The Czech president, previously elected by a joint session of the parliament, would henceforth be chosen by popular vote. Squabbling within the coalition turned to open revolt in April 2012 when Public Affairs (VV), one of the coalition's junior partners, disintegrated, leaving Nečas without a formal majority. Nečas's sinking public approval ratings made him eager to avoid a snap election, and he reforged his coalition with the Liberal Democrats (LIDEM), a party created by former VV members.

Although the new coalition left him at the head of a minority government, Nečas survived a vote of confidence with help from independent members of the parliament. In January 2013 the Czech Republic held its first direct presidential election. Nine candidates contested the first round, with the top two finishers—former Social Democratic prime minister Miloš Zeman and the current foreign minister, Karel Schwarzenberg—facing each other in a runoff two weeks later. With voter turnout of about 60 percent, Zeman, running at the head of the Citizens' Rights Party (SPOZ), won a convincing victory to succeed Klaus as president.

Nečas, who once boasted the nickname "Mister Clean" for his anticorruption stance, found himself at the centre of a scandal that toppled the Czech government in June 2013. A string of nighttime raids by police resulted in the arrest of numerous people close to the Nečas administration. Nečas's chief of staff was accused of bribery and the misuse of military intelligence for personal reasons, and the junior members of the ruling coalition announced that they would withdraw their support from the government. Nečas resigned, and the Civic Democrats spent the next week attempting to form a government that could survive a parliamentary vote of confidence. Zeman ultimately intervened and appointed former finance minister Jiří Rusnok to serve as prime minister in a caretaker capacity, pending the scheduling of early elections.

The results of those elections, held in October 2013, reflected a growing disillusionment with the Czech political establishment. The Social Democrats won the most votes, but, with just 20.5 percent of the total, they were far short of a majority. Action for Alienated Citizens (popularly known by its Czech acronym, ANO, which means "yes"), a protest party founded in 2011 by billionaire media mogul Andrej Babiš, finished a strong second with almost 19 percent, followed by the Communists with 15 percent. The scandal-plagued Civic Democrats were resoundingly turned out, and SPOZ failed to clear the 5 percent threshold required for representation in parliament. The Social Democrats, who had expected a stronger showing, immediately fell to infighting, and party chairman Bohuslav Sobotka faced down a leadership challenge prior to the start of coalition talks.

## CZECH REPUBLIC'S EU PRESIDENCY

#### PROGRAMME OF THE PRESIDENCY

The programme describes in detail the priorities and main directions of the Presidency of the Council of the European Union in the period from 1 July till 31 December 2022.

The programme of the Czech Presidency of the EU Council has two parts:

- Priorities of the Czech Presidency,
- Programme of the Czech Presidency under the EU Council formations.

The first part of the programme defines five priority areas that have arisen from a discussion at the highest political level.

- 1. Managing the refugee crisis and post-war reconstruction of Ukraine
- 2. Energy security
- 3. Strengthening European defence capabilities and cybersecurity
- 4. Strategic resilience of the European economy
- 5. Resilience of democratic institutions

This part reflects the long-term positions and Czech priorities promoted by the Czech Republic in the EU, but it also responds to current geopolitical and economic challenges associated mainly with the Russian aggression against Ukraine.

Next to the political priorities above, the second part of the national programme contains the priority sectoral agendas, i.e. the legislative and non-legislative proposals that the Czech Republic will focus on under the relevant Council formations.

The document as a whole is based on the content preparations to date, on EU strategic documents such as the Commission's work programme for 2022 and the joint programme of the presidency trio. It reflects both the domestic political situation and international policy issues.

Click **here** to read the full programme.

1.https://czech-presidency.consilium.europa.eu/en/programme/priorities/

#### TRIO PROGRAMME

The **Czech Republic** will preside over the Council of the European Union from 1 July to 31 December 2022. The six-month Czech Presidency follows **France** that led the Council in the first half of the year, and will be followed by **Swedish Presidency** from 1 January till 30 June 2023. Those three states together form the presidency trio and have created a joint programme of their presidencies.

The trio programme sets priorities common to the three consecutive six-month presidencies as well as reflects issues currently discussed in EU institutions. The joint programme of France, Czech Republic and Sweden was approved on 14 December 2021 by the General Affairs Council and is divided into four priority thematic areas:

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

The trio programme responds to a broad range of political, social and economic challenges. The priorities are mainly aimed at addressing and mitigating the negative economic and social impacts of the COVID-19 pandemic. For that purpose, the trio will strive to fulfil the EU Recovery Plan, especially through investment in the green policy and digital transition. The trio will make concrete steps to support the completion of the single market and to strengthen EU's resilience, competitiveness and convergence. Another objective of the programme is to coordinate economic policies in line with the speed and intensity of the recovery, with the goal being to reinforce the European Union, including the economic and monetary union.

With regard to the Russian aggression in Ukraine, it is necessary to highlight other identified political priorities such as enhancing relationships with strategic partners including transatlantic allies and new emerging powers. The Czech Republic, France and Sweden have also agreed that it is necessary to work on strengthening the common security and defence policy through promoting and implementing the Strategic Compass that will define the direction of EU security up to 2030.

#### Read the trio programme in different EU languages



#### **PRIORITIES**

#### Managing the refugee crisis and Ukraine's post-war recovery

Following Russia's military aggression against Ukraine, the Czech Presidency will support the EU's efforts to defend Ukraine's sovereignty and territorial integrity by using all instruments and programmes offered by the EU, including the strengthening of sanctions. The EU's and its Member States' political and military support for Ukraine is in our vital interest in order to ensure security in Europe. The Czech Presidency will work in favour of reaching a consensus on the granting of candidate status to Ukraine.

Russian aggression has caused the most massive refugee crisis since World War II. The EU must take all steps to help best deal with the unprecedented refugee wave, in particular of women and children from war-affected Ukraine. This will require the mobilisation of all available resources and expertise as well as their coordinated use.

The Czech Presidency will build on the principles of solidarity, efficiency and flexibility in this area. In cooperation with the European Commission, it will work on flexible transfers of funds and the creation of the necessary structures to assist the most affected Member States, organisations and the civil sector. Protecting children and ensuring their access to education will be a priority. For women's participation in the labour market, sufficient pre-school and extracurricular capacity will need to be guaranteed. Coordination in ensuring healthcare will also be an important priority. The Czech Presidency will pay attention to effective European cooperation and solidarity so that the long-term integration of refugees into the societies of the Member States is successful.

Another important task of the Czech Presidency will be the post-war reconstruction of Ukraine, focusing on restoring critical infrastructure, ensuring basic services, strengthening resilience and economic recovery and stability in Ukraine. Strong EU cooperation with Ukraine and securing the necessary financial resources across the free world will be crucial.

#### **Energy security**

The EU cannot be vitally dependent on countries that directly threaten its security and must therefore break its dependence on Russian gas, oil and coal. The Czech Presidency will put emphasis on the EU's energy security issues, which are currently more pressing than the energy transition, and on the accelerated implementation of REPowerEU, an important part of which is diversification of sources including logistics, energy savings and acceleration of the transition to low-emission and renewable energy sources. The Czech Presidency is ready to work on the implementation of the regulation of gas reserves, i.e. filling storages in the run-up to winter, and the promotion of voluntary joint purchases, so that the EU uses its weight in a way similar to the purchase of vaccines.

The decarbonisation of the EU industry and the transition from natural gas to hydrogen represents an important goal requiring the implementation of an ambitious plan for the development of hydrogen infrastructure, storage and terminals. Fit for 55 creates the basis for decarbonisation. However, the Czech Presidency will focus especially on thorough implementation of the main short-term objective, i.e. remove dependence on Russian fossil fuels. The Czech Presidency will also deal with energy efficiency (EED) and the use of renewable energy. At the same time, the development of energy infrastructure is crucial, as it will strengthen the energy resilience of the EU as a whole. Finally, the Czech Presidency will deal with the role of nuclear energy in ensuring the EU's energy security and meeting the EU's climate goals.

In the field of transport, the Presidency will concentrate on reducing emissions, promoting environmentally friendly modes of transport and infrastructure for alternative fuels, as a key prerequisite for the development of clean mobility. At the same time, it will focus on the development of the Trans-European Transport Network (TEN-T) in order to facilitate transport flows across Member States, while supporting the decarbonisation of transport.

At the same time, the Czech Presidency will work on implementing an appropriate mix of instruments that will reduce the negative social and economic impact of high energy prices. The transition towards carbon neutrality must be accompanied by efficient social measures, for example by supporting energy savings in households. Energy savings are becoming increasingly important in view of inflationary pressures and rising energy prices.

#### Strengthening Europe's defence capabilities and cyberspace security

Given the growing global instability, the Czech Presidency will focus on reinforcing security and defence capabilities, in particular in partnership with NATO. It will work specifically on supporting the implementation of key topics within the Strategic Compass. The development of long-term cooperation on strategic military systems is essential. In addition to ensuring the necessary capacities, including supporting capacities based on existing technologies, the Czech Presidency will pay attention to cooperation and investment in reducing technological dependence, in particular with regard to new and disruptive technologies, and to ensuring the resilience of critical value chains needed for these technologies. Strengthening related industrial capacities in the EU is also key.

At the same time, the Czech Presidency will address cyber threats and the geopolitical context of new technologies (and space). It will also focus on the rapid development of the so-called Hybrid toolbox, the fight against disinformation and the security of cyberspace. The Czech Presidency will pay particular attention to the cybersecurity of EU institutions, bodies and agencies and to the EU space-based secure communication system. We will stress that the EU, together with democratic partners, actively shapes the international debate in international organisations to improve the security and stability of cyberspace.



#### **Strategic resilience of the European economy**

The COVID-19 pandemic and Russian aggression vis-à-vis Ukraine have led to an inflation shock, increased market uncertainty and have exposed the fragility of global supply chains. The Russian invasion has caused the greatest disruption of commodity markets in the last half-century. The EU must drastically reduce its dependence on hostile or unstable regimes. Striving for full self-sufficiency does not seem to be an immediately viable option for the EU. In order to strengthen strategic resilience, targeted support for technological competitiveness based on own production capacities, together with the deepening of free trade with democratic nations in the world, is essential.

From food, medicines to semiconductor chips, supply chains and their vulnerability need to be understood in detail and their resilience must consequently be strengthened. The availability of strategic raw materials and components must be secured for European firms. Particular emphasis will be placed on the security of IT supply chains. The Czech Presidency will work on accelerating the process of concluding trade agreements with democratic states and on deepening transatlantic cooperation in the framework of the EU-US Trade and Technology Council (TTC) with a focus on strategic cooperation, including joint measures for supply chain resilience.

Accelerating the digitalisation and automation of European industry is also essential, enabling the expansion of competitive production in the EU, with a particular emphasis on strategic sectors. A more efficient circular economy will contribute to reducing the need for imports of primary materials.

Green and digital transitions must be implemented in such a way as to promote convergence towards the most advanced regions. At the same time, there is a need to support the development of the skills of Europeans to adapt to changing circumstances, which is a prerequisite for the global competitiveness of the EU. Support through EU investment policies, in particular cohesion policy, will play a crucial role in all these areas.

Finally, the internal market needs to be further deepened, especially in services and the digital economy, while improving the business environment, including support for science, research and innovation, which will lead to increased competitiveness of European firms. With a view of qualitatively deepening the digital internal market, the Czech Presidency will strive for the adoption of a pan-European tool for the secure and trustworthy proving of a citizen's identity, the so-called European Digital Identity Wallet, and the creation of an efficient and fair data market.

#### **Resilience of democratic institutions**

Russian aggression once again reminded us strongly that Europe's long-term prosperity and stability are based on functioning democratic mechanisms. The Czech Presidency will therefore focus on strengthening the resilience of institutions that have a major influence on maintaining and developing values of democracy and the rule of law in the EU. These include, for example, transparent financing of political parties, the independence of mass media and an open dialogue with citizens.

The Conference on the Future of Europe has created a unique space for citizens and especially for young people to debate the future of Europe and provide input for future EU policies. The Czech Presidency will work on making use of these ideas and the creation of a space for the continuation of the debate. While implementing the European Year of Youth 2022, the Presidency will put emphasis on improving dialogue with young people and promoting their participation in political/policy processes.

In addition, the Czech Presidency will also focus on respecting and strengthening freedoms and European values in both offline and online environments. Levelling the playing field for European and non-European firms, in particular in the field of environmental and climate impacts and respect for human rights, will create the conditions for the further development of trade in open markets. Together with other democratic states, the Presidency will work to ensure that fundamental rights and freedoms are respected in the digital environment and will push for global standards to build on the so-called human-centric approach. In a number of areas related to new technologies such as artificial intelligence, the EU has the opportunity to take advantage of being the 'first mover', which has the possibility to lay down the rules of the global game. The Czech Presidency also wants to contribute to strengthening the transparency of cryptocurrencies and reducing the risk of their misuse.

In the international context, it will implement the European Action Plan on Human Rights and Democracy, using relevant instruments, including potential sanction mechanisms. It will strengthen capacities to support civil society and independent media, as well as support partner countries' resilience against cyber and hybrid threats.

#### Outlook for upcoming Presidency



## Priority dossiers under the Czech EU Council Presidency

#### INTRODUCTION

Czechia is a parliamentary republic with a head of government – the prime minister – and a head of state – the president. The current **Prime Minister** is **Petr Fiala**, from the Civic Democratic Party (ODS). He has been in office since November 2021 and was preceded by Andrej Babiš (2017-2021), the founder of the party ANO 2011. Czech **President Miloš Zeman** was first elected to the post in 2013 and had previously served as prime minister, from 1998 to 2002.

The supreme executive body is the government. It is led by the prime minister and appointed by the president of the republic. The president also appoints other government members based on the prime minister's recommendations. Before it is installed, the government must win a vote of confidence in the Chamber of Deputies.

The Spolu alliance, formed for the 2021 legislative election, was composed of the Civic Democratic Party (ODS), KDU-ČSL (Christian and Democratic Union), and TOP 09 (Tradition, Responsibility, Prosperity). It currently governs the country in a **coalition** with the Pirates and Mayors' alliance.

The Czech **Parliament is bicameral**. The upper house is the Senate (81 members elected for six years) and the lower house is the Chamber of Deputies (200 members elected for four years). There are currently seven parties in the Chamber of Deputies:

- > ANO 2011 (ANO) 72 members
- Civic Democratic Party (ODS) 34 members
- Mayors and Independents (STAN) 33 members
- Christian and Democratic Union Czechoslovak People's Party (KDU-ČSL) 23 members
- Freedom and Direct Democracy (SPD) 20 members
- > TOP 09 14 members
- Czech Pirate Party (Pirati) 4 members

All of these parties except the SPD also have seats in the Senate, where the Czech Social Democratic Party (ČSSD) and the Green Party (Z) also have seats. The Communist Party of Bohemia and Moravia (KSČM) holds no seats in the Chamber or the Senate but has one elected member of the European Parliament and representatives at regional level.

Czechia will hold the Presidency of the Council of the EU for the second time. The previous time was in the first half of 2009, coinciding with the last months of the sixth legislative term of the European Parliament and with the European elections, held between 4 and 7 June 2009.

The programme of the **Trio formed together with France and Sweden** has as its thematic priorities to protect citizens and freedoms; to promote a new growth and investment model for Europe; to build a climate-neutral, green, fair and social Europe; and to promote Europe's interests and values in the world.



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#### PART A: POLITICAL PRIORITIES OF THE CZECH PRESIDENCY

The Czech Presidency comes at a crucial time for the EU, faced with the **challenges posed by the Russian war of aggression against Ukraine**. Politically, the current security and geo-political situation will have an impact on the work of the Presidency and could well dominate the coming six months. Many issues will need to be addressed, particularly in the field of defence, refugees, displaced persons, financial aid and the accession perspective for Ukraine.

The ramifications of the war, including its impact on energy policy and the 'Fit for 55' package, on the EU's economic recovery and its democratic resilience, as well as on the unity and internal dynamics of the Union, are likely to be high up on the agenda.

The motto of the Czech Presidency, **'Europe as a task**', is inspired by a speech delivered by former Czech President Václav Havel in Aachen, at the Charlemagne Prize ceremony, in 1996. The triple challenge is to 'rethink, rebuild, repower' Europe.

The Czech priorities for the second half of 2022 will focus on the following topics:

- Managing the refugee crisis and Ukraine's post-war recovery,
- Energy security,
- Strengthening Europe's defence capabilities and cyberspace security,
- Strategic resilience of the European economy,
- Resilience of democratic institutions.

In light of the developments brought about by the Ukrainian refugee crisis, the Presidency aims to take work forward on the **Pact on Migration and Asylum**, presented by the Commission on 23 September 2020 (both Parliament and Council still have to adopt their respective positions on the proposals). The Czech Presidency will build on the principles of solidarity, efficiency and flexibility in this area.

The **Fit for 55 climate package** will also be high on the Czech Presidency's agenda. Ensuring access to affordable, sustainable and reliable energy sources is one of the biggest challenges the EU is facing. In the next six months, the **green and digital transitions** will continue to be in the spotlight, but also **security**, in particular the implementation of the **Strategic Compass**, approved by the Council on 21 March 2022. The Czechs are due to take forward the Versailles agenda, based on the declaration adopted by EU leaders on 10-11 March 2022, which outlines how the EU can bolster defence capabilities, reduce energy dependency and build a more robust economic base.

The Czech Presidency will lead crucial legislative files in the Council, such as those in the Fit for 55 package, through interinstitutional negotiations and will be closely involved in the initiatives aimed at mitigating the impact of the energy crisis in Europe, including the **RePowerEU** plan. An important aspect is the diversification of sources including logistics, energy savings and acceleration of the transition to low-emission and renewable energy sources. The Presidency will work on the implementation of the regulation of gas reserves, i.e. filling storage facilities in the run-up to winter, and the promotion of voluntary joint purchases, so that the EU uses its combined weight in a similar way as with the purchase of Covid-19 vaccines.

Strengthening the single market, boosting innovation and competiveness, and reducing dependence on hostile or unstable regimes will be paramount for the **resilience of the European economy**. The **European Chips Act**, which aims to bolster Europe's competitiveness and resilience in semiconductor technologies and applications, is a key proposal for the Czech Presidency, alongside the **Artificial Intelligence Act and cybersecurity**. It will also strive for the adoption of the **European Digital Identity Wallet** (a secure and trustworthy pan-European tool for proving a citizen's identity) and the creation of an **efficient and fair data market**.

In 2022, the **Single Market** celebrates its 30th anniversary. Taking into account the impact of the Covid-19 pandemic in the single market and the challenging geopolitical context, the EU will need to identify further growth potential and address businesses and consumers' concerns. Measures to ensure **food security** inside and outside the EU in light of the Russian invasion of Ukraine should also be considered during the coming months.

Furthermore, the Czech Presidency plans to focus on a number of trade agreements, with South American countries, Australia and New Zealand. **Cooperation with Indo-Pacific** partners is also due to be a priority issue, particularly in areas such as cybersecurity, supply chain security and space.

On **social policy**, the Czech Presidency will continue with the implementation of the European Pillar of Social Rights. The Trio committed itself to improving working conditions, including in the digital economy and for people working through platforms, to tackle gender inequalities in the labour market, including through measures to close the gender pay gap and through the promotion of equal opportunities for women and men to reconcile work, family and private life.

As regards democratic resilience, the Czechs aim to focus on **media freedom** (the Commission is due to present the European Media Freedom Act proposal in the third quarter of 2022), on **transparency in financing political parties** in the EU and on the **rule of law**, including in Hungary and Poland.

Still on the topic of democratic resilience, the Czech Presidency is expected to make progress on the proposal on Strategic lawsuits against public participation (SLAPPs) and on the proposal on transparency and targeting of political advertising.

In relation to the ongoing **hearings under Article 7(1) TEU concerning Poland and Hungary**, in a resolution approved on 5 May 2022 the European Parliament urged the upcoming presidencies to organise the hearings 'regularly and at least once per presidency'. It called on the Council to ensure that hearings under Article 7(1) TEU also address new developments, including those related to violations of fundamental rights. The Council has so far organised five hearings on Poland and, by the end of May 2022, four hearings on Hungary within the framework of the General Affairs Council (GAC).

The **Western Balkans region** is also due to be among the regional priorities of the Czechs.

#### PART B: TOPICAL INSTITUTIONAL ISSUES

#### Conference on the Future of Europe

The follow-up of the Conference on the Future of Europe's final report – with 49 proposals to reform the EU, including Treaty change – delivered to the Presidents of the European Parliament, the Council and the Commission on 9 May 2022, will also need to be carried out by the Czech Presidency. In the 18-month programme of the Council, the French, Czech and Swedish Presidencies state that, based on the political conclusions of the Conference, 'they will begin implementing them, as appropriate'.

The Czech Presidency aims to make use of these ideas and to create a space for the continuation of the debate. While implementing the European Year of Youth 2022, the Presidency will put emphasis on improving dialogue with young people and promoting their participation in political/policy processes.

#### EU budget for 2023

The draft general budget for 2023, presented by the Commission on 7 June 2022, will have to be negotiated between the Czech Presidency of the Council and the European Parliament by the end of this year. Uncertainty in the economic outlook persists, in the light of factors such as supply chain

disruption, high energy prices, rising inflation and the continuing Covid-19 pandemic, as well as the consequences of the war in Ukraine.

The EU budget will continue to mobilise significant investments to boost Europe's strategic autonomy, the ongoing economic recovery, safeguard sustainability and create jobs. It should prioritise green and digital investments while addressing pressing needs arising from recent and current crises. Additional proposals to finance the impact of the war in Ukraine both externally and internally are due to be tabled later in the year, on the basis of a more precise assessment of needs.

Furthermore, in its resolution on general guidelines for the preparation of the 2023 budget, approved in plenary on 5 April 2022, Parliament stresses that 'a revision of the current MFF [Multiannual Financial Framework 2021-2027] is indispensable', calling on the Commission to 'assess when an MFF revision would be appropriate'.

#### Reform of the Electoral Act

Following Parliament's legislative resolution on the reform of the EU's electoral law, adopted on 3 May 2022, the Czech Presidency is due to steer negotiations in the Council, where unanimity will be needed on this matter. The formalisation of the lead candidate (*Spitzenkandidat*) process and the introduction of a Union-wide constituency, from which 28 members of the European Parliament would be elected (transnational list), are among Parliament's proposals.

#### Programming of legislative priorities: Joint Declaration

It is also under the Czech Presidency that the European Parliament, the Council and the Commission should agree on the joint programming of legislative priorities in the form of a Joint Declaration, signed by the three Presidents, which is expected to cover 2023 as well as the first half of-2024, to coincide with the next European elections. The Czech Presidency will also carry on with the implementation of the Joint Declaration 2022, as negotiated at the end of the Slovenian Presidency.

The need to address the consequences of the war in Ukraine and the conclusions of the Conference on the Future of Europe are among the issues that should be reflected in the Commission work programme (CWP) for 2023. The current situation and the need to adopt emergency measures may require that the Commission postpones some of the initiatives planned for 2022 (the Commission has committed itself to duly inform Parliament of any delays).

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## SLOVENIAN PRESIDENCY PRIORITIES DISCUSSED IN PARLIAMENTARY COMMITTEES<sup>1</sup>

Ministers are outlining the priorities of the Czech Presidency of the Council of the EU to parliamentary committees, in a series of meetings.

Czechia holds the Presidency of the Council until the end of 2022. A first series of hearings takes place from 11 to 13 July. A second set of hearings will happen during the first week of September.

#### **Agriculture and Rural Development**

The impact of Russian aggression against Ukraine on food security is a key priority, according to Agriculture **Minister Zdeněk Nekula** on 11 July. The Presidency will seek an early start for the reform of the Common Agricultural Policy (CAP) to provide member states with flexibility and temporary exceptions to handle the crisis. The Presidency will also prioritise negotiations on the sustainable use of plant protection products.

A number of MEPs called for the way in which solidarity corridors for agricultural exports from Ukraine work to be improved and for a balance between EU food production and the proposed reduction in the use of pesticides. Some MEPs agreed that some derogations from CAP rules will be needed, while others warned against weakening the CAP and called for organic farming to be supported instead.

#### **Development**

On 12 July, **Jiří Kozák, Deputy Minister for Foreign Affairs**, highlighted a three-fold challenge caused by Russia's war against Ukraine: the distribution of grain from Ukraine; securing sufficient humanitarian relief; and breaking the Russian narrative that the food security crisis is the EU's fault. Mr Kozák also said that, for the Post-Cotonou Agreement, the Presidency is determined to conclude the remaining steps as fast as possible.

MEPs agreed on the importance of dealing with the immediate and longer-term impacts of the war on global food security. They also raised the question of refugees in Ukraine and its neighbours. Others questioned the Presidency on their priorities in the Sahel, on the migration issue on the EU's southern border, and the integration of humanitarian relief and long-term development policy.

1.<u>https://www.europarl.europa.eu/news/en/press-room/20220711IPR35010/czech-presidency-outlines-priorities-to-epcommittees</u>

#### **Transport and Tourism**

On 12 July, Transport Minister Martin Kupka, and Deputy Prime Minister for Digitisation and Minister of Regional Development Ivan Bartoš, stressed that the Presidency will focus on measures to decarbonise transport, promote railways, make sure solidarity lanes for Ukraine are working and increase the resilience of the tourism sector. Minister Kupka promised MEPs that the work on new rules on the Single European Sky, alternative fuel infrastructure, sustainable fuels for aviation and maritime sectors, intelligent transport systems and TEN-T revision would advance.

Transport Committee MEPs urged the Presidency to put more efforts into addressing mobility poverty and road safety, make sure EU countries would unite in response to any possible new COVID-19 pandemic and asked for the option of providing EU financial support for solidarity lanes in Ukraine to be explored.

#### **Fisheries**

On 12 July, **Zdeněk Nekula**, Minister of Agriculture, said that the Presidency's top priority will be to ensure food security in the EU and improve the competitiveness of the sector compared to third countries. Despite being a landlocked country, the Czech Presidency will also focus on fishing quotas, reaching agreements on EU fishing possibilities with third countries, as well as fisheries-relevant initiatives related to the Green Deal.

MEPs stressed the need to help fishers due to the impact of the war in Ukraine. They welcomed the intention to make fisheries more competitive but stressed the need to strike a balance between the socio-economic and environmental aspects of the initiative. Finally, some reaffirmed the idea of reforming the Common Fisheries Policy, even if the Commission is reluctant to do so.

#### **Internal Market and Consumer Protection**

Industry and **Trade Minister Jozef Síkela** told MEPs that the Presidency will pay special attention to better enforcement of Single Market tools and services, deeper market integration and high consumer protection, including raising consumer awareness on sustainable consumption and online risks. The Presidency will work to move forward on negotiations with MEPs on machinery products and consumer credits and to reach a common position in the Council on the General Product Safety Regulation, the Artificial Intelligence Act, and Transparency and Targeting of Political Advertising.

MEPs quizzed the Presidency on empowering consumers in light of the twin transition, the implementation of rules on dual quality of products, the update of travel package rules in light of the pandemic and the ongoing digital priorities (including the new Chips Act and European Digital Identity).

#### **Women's Rights and Gender Equality**

Marian Jurečka, Deputy Prime Minister and Minister of Labour and Social Affairs, said the Czech Presidency will strive to achieve progress on the pay transparency directive. On an EU strategy for care, they will focus on long-term care and providing refugees from Ukraine with high-quality care. Member states' diverse positions on preventing violence against women need to be respected, he said, although the definition of online sexual violence will be discussed in November. There will be Council conclusions on gender equality, and the Presidency will look into economic parity for men and women with a focus on youth.

Several MEPs asked if Czechia is planning to ratify the Istanbul Convention. Many welcomed the objective to reach a deal on pay transparency, stressed that LGBTI rights and sexual and reproductive health and rights must be protected, and highlighted Parliament's call to add the right to abortion to the EU Charter of fundamental rights.

#### **Employment and Social Affairs**

On 11 July, Marian Jurečka, Deputy Prime Minister and Minister of Labour and Social Affairs, identified as key issues: managing the influx and integration of refugees, food and energy affordability for the most vulnerable and the fight against child poverty. Further priorities include reaching a common position in the Council on improving conditions in platform work, and progressing on the pay transparency directive.

MEPs asked for the Social Climate Fund to be made operational to protect the most vulnerable during the green transition. Some MEPs urged for the SURE instrument for the preservation of employment to become permanent and for a more ambitious use of the Child Guarantee. Finally, MEPs asked for an extraordinary Social Summit to address the impact the energy and inflation crisis and the recession are having on employment.



#### **Environment, Public Health and Food Safety**

On 11 July, **Environment Minister Anna Hubáčková** told MEPs the priorities are: reaching agreements on the Fit for 55 files; nature restoration law; protecting vulnerable households during the green transition; and global cooperation on climate and environment. MEPs questioned the minister on preparations for the UN conferences on climate change (COP27) and biodiversity (COP15), as well as the Russian war's impact on the environment.

On 12 July, **Health Minister Vlastimil Válek** said the Presidency will focus on the fight against cancer; disinformation on vaccination and vaccines for new variants; progress on Council's position regarding the European Health Data Space (EHDS), and healthcare services for Ukrainian refugees. MEPs quizzed the minister on fair prices and access to vaccines, the impact of the war, rare diseases and the impact of climate change on population health.

Later that day **Agriculture Minister Zdeněk Nekula** highlighted food security, sustainable agriculture, animal health, and achieving progress on "Farm to Fork" and agreeing on the "Deforestation" regulation. MEPs questioned the minister on the sustainable use of pesticides, the Russian war's impact on food security, genomic technologies, the financing of the green transition of the agricultural sector, and meat production.

#### **Regional Development**

On 12 July, **Deputy Prime Minister for Digitisation and Minister of Regional Development Ivan Bartoš** said the Presidency will focus on the future cohesion policy, analysing which instruments are helping to converge EU regions best and ensuring green and digital transitions, while at the same time providing for the necessary flexibility to face new developments.

MEPs stressed cohesion funds should be used to develop a capacity that ensures safe transit of food and supplies, in current time of war. They also warned that cohesion policy principles should not harm the environment. MEPs also urged the Presidency to support the idea of setting-up a new generation Just Transition fund and reviving the EU Cross Border Mechanism.

#### **Economic and Monetary Affairs**

Russia's war in Ukraine and rising inflation will be the backdrop for most of the Presidency's priorities, Finance Minister Zbyněk Stanjura told MEPs on 13 July. The Presidency would be prioritising reaching agreements on EU rules for a global minimum tax on large multinationals, green bonds, anti-money laundering rules and energy taxation. It would broker discussions on integrating Repower EU into the Recovery and Resilience Facility to remove Russian influence from the EU economy, and on the update of the EU's fiscal rules.

MEPs focussed their questions on what the Presidency was concretely planning to do to save the rules on a global minimum tax, and how it would orient talks on a revision of the fiscal rules, and to what extent it is possible to address inflation without impinging on the independence of central banks. The looming economic difficulties and the debate around unanimity voting in the area of taxation were also raised by a number of MEPs.

#### **Culture. Education and Youth**

On 13 July, **Culture Minister Martin Baxa** said the Presidency will focus on finalising the EU's 2023–2026 Work Plan for Culture. He also promised to work to open negotiations on boosting funds for the Creative Europe programme, as the current funding does not meet the sector's needs. **Minister of Education, Youth and Sports Vladimír Balaš** focussed in his presentation on digital education, intergenerational dialogue and active support for the European Year of Youth, with a conference on the latter planned for 6 December 2022.

MEPs asked about plans for the Media Freedom Act, due to be announced in September, ways to include Ukrainian students in the EU student mobility programme, and integrating Ukrainian refugee children and young people into the EU education system. They also raised issues around sporting activities, the implementation of the Copyright directive, and completing the European Education area.

#### **International Trade**

"Free trade agreements are the core tasks of the Czech Presidency," said **Trade Minister Jozef Síkala** on 13 July, a statement that Trade Committee members welcomed. They urged the conclusion and ratification of free trade agreements with, among others, New Zealand, Mexico, Chile, Australia, India and the Mercosur countries, insisting that all trade deals must respect the EU's values and sustainability goals.

Trade Committee members asked the presidency to work towards reaching a Council position on the review of the Generalised Scheme of Preferences and the anti-coercion instrument and to finally conclude the Post-Cotonou agreement. Several MEPs urged the Council to intensify cooperation with Africa and to consider gender equality when working on trade.

#### **Foreign Affairs**

**Foreign Affairs Minister Jan Lipavský** on 13 July outlined five priorities: Ukraine, energy, defence, economy and democracy. Stressing the need to continue standing by Ukraine, he warned against the dangers of "Ukraine fatigue", and called for weapons to be supplied to Kyiv more quickly and for greater efforts to facilitate the country's post-war reconstruction. He also stressed the need for a strong transatlantic partnership and for discussing how the EU should reassess its relations with Russia in the long term.

MEPs quizzed Mr Lipavský on a range of subjects, including on the EU's long-term vision for relations with Russia, how to move ahead with the EU enlargement process, in particular on Bulgaria's blockade of North Macedonia, the necessity to grant EU visa liberalisation to Kosovo and the need to counter Russian false narratives in countries south of the EU, including Africa.

#### Findustry, Research and Energy

**Ivan Bartoš, Deputy Prime Minister for Digitisation and Minister of Regional Development**, said that the Presidency will work on the digital agenda, communication resilience, sustainable digital ecosystems, cybersecurity in the EU, security of ICT supply chains, and digitalisation of public services. The Presidency will aim to secure a Council position on the AI Act, a general approach on the eID regulation, and to continue work on the Data Act. It will also work to reach an agreement in Council on the proposal to reinforce cybersecurity in the EU before the end of November, he said.

On industry and energy, **Jozef Síkela, Minister of Industry and Trade**, said that the Presidency will work to reduce the EU's dependence on Russian fossil fuels as set out in the RepowerEU plan, continue work towards climate neutrality, while securing affordable energy for citizens. The Presidency will work on fast-tracking permitting procedures in renewables, improving energy efficiency and energy savings, as well as on the transition to low-carbon and renewable energy sources. It will also focus on diversifying supplies and assist the Commission with the EU's energy platform for joint purchasing, to ensure that all member states have enough energy supplies for the winter.

On research and innovation, **Vladimír Balaš**, **Minister of Education**, **Youth and Sports**, said that the Presidency will work to advance the development of the European Research area and the EU research ecosystem. It will focus on synergies in research and innovation funding, on the enhancement of the European research infrastructure ecosystem, and the development of a new European innovation agenda. It will also aim to finalise the legislation on the Horizon Europe joint undertakings with regards to semiconductors, and the conclusion of association agreements with third countries on Horizon Europe.

On space policy, Martin Kupka, Minister of Transport , said that the Presidency will remain committed to ensuring that the EUSPA agency for the Space Programme, based in Prague, has the best conditions and provides the best standards. The main priority will be the programme for secure connectivity, and the Presidency is looking to start talks with MEPs as soon as possible. The Presidency will also focus on innovation and the use of data and services from EU space systems, and to extend existing capacities to protect the EU's satellite systems.

#### **Civil Liberties. Justice and Home Affairs**

The Presidency strongly supports EU responses to Russian aggression, including the fight against impunity and collecting evidence on war crimes, **Justice Minister Pavel Blažek** told MEPs on 5 September. He said that Eurojust and its new mandate can play a key role, while stressing that ongoing work on cracking down on sanctions violations will continue.

**European Affairs Minister Mikuláš Bek** said that the work on the rule of law will play a major role and announced that the next discussion on the issue will focus on Poland, Portugal, Romania, Slovenia and Sweden. The Presidency will also work on the ongoing procedures on Poland and Hungary, in dialogue with the national governments.

MEPs encouraged the Presidency to produce country-specific recommendations on the state of rule of law. MEPs also called for more engagement on e-Privacy and e-Evidence, asked for a stronger stance on revelations about spyware being used and raised the issue of media monopolisation in certain countries.

On the same day, First **Deputy Prime Minister and Interior Minister Vit Rakušan** said the Presidency is ready to start negotiations on the Screening and Eurodac regulations and work on structural solutions for solidarity and legal migration. Online child sexual abuse, the mandate of the EU drug addiction monitoring centre, the political governance of the Schengen area and Croatia, Romania and Bulgaria's inclusion in it, are also priorities.

MEPs asked for more details on the Council's timetable on migration files, on data protection concerns in relation to fighting online child abuse as well as on pushbacks and human rights violations at the EU's external borders.

#### **Legal Affairs**

On 5 September, **Justice Minister Pavel Blažek** identified progress on the directive on the protection of the environment through criminal law and the digitalisation of justice systems as key issues. Further priorities include corporate sustainability due diligence, the directive to tackle abusive lawsuits targeting critical voices, so-called SLAPPs, and legislation on Artificial Intelligence (AI).

MEPs stressed the importance of a liability regime for AI. Some MEPs urged for progress on the revision of EU geographical indications. Finally, MEPs asked for an ambitious approach on the SLAPPs directive, underlining that it is of vital importance for freedom of expression, fearing Council might weaken the initiative.

#### **Constitutional Affairs**

Following the presentation by **European Affairs Minister Mikuláš Bek** on 5 September, MEPs inquired on the follow-up to the Conference on the Future of Europe, including the revision of EU Treaties and the reform of electoral rules, already initiated by Parliament. They also called on the Presidency to focus on the fight against foreign interference and disinformation, and the protection of the EU's legal order from breaches of the rule of law.

Minister Bek replied he intends to have a political discussion on a Convention to revise the Treaties in October, aiming to have a vote in November and pass on the matter to the European Council. Electoral law reform will be debated in October, but he warned MEPs the process will be politically complicated. The Presidency will seek a common approach on European political parties and foundations by the end of the year. On the rule of law, he promised that the topic will feature prominently in all General Affairs Council agendas.

#### **Security and Defence**

Deputy Defence Minister Jan Jireš said that European "strategic culture" in the EU has changed quickly since the start of the Russian aggression on Ukraine: the "EU had discarded some of the taboos that had been in place before." The Presidency will focus on three main areas: EU-NATO cooperation; EU support to Ukraine; and the implementation of the strategic compass.

MEPs asked questions on the best way to cooperate within the EU to support Ukraine, noting that this war was a test for the EU's strategic cooperation. Some MEPs declared that the EU has everything it needs to succeed, but lacks a common and strong political decision-making process. After underlining that this war is going on longer than expected, some MEPs questioned Mr Jireš about EU diplomatic efforts to end the war.

## **POLITICS** IN CZECH REPUBLIC<sup>1</sup>

#### **INTERNAL POLICY**

The President of the Republic, Miloš Zeman, was re-elected for a second five-year term in the presidential elections of 27 January 2018. He succeeded Václav Klaus (2003-2013) and Václav Havel (1993-2003). The President of the Republic has limited constitutional prerogatives but plays an influential role in public debate. His term of office ends in 2023.

The Parliament consists of the Chamber of Deputies (200 seats) and the Senate (81 seats). The Czech parliamentary elections of 8 and 9 October 2021 saw the right-wing and centre-right opposition "Spolu" (Together) coalition led by Petr Fiala (chairman of the conservative ODS party) win by a large number of votes against the ANO party of the outgoing Prime Minister Andrej Babiš - to the detriment of the left-wing parties that failed to meet the electoral threshold and were effectively excluded from the House.

SPOLU coalition (ODS, TOP09 and KDU-CSL, centre-right parties): 27.79%, 71 seats (34 seats for ODS, 23 seats for KDU-CSL and 14 seats for TOP09);

ANO (Liberal): 27.12%, 72 seats

Pirates-STAN coalition (Mayors and Independents party, centre-liberal): 15.62%, 37 seats (33 seats for STAN and 4 seats for Pirates)

SPD (extreme right): 9.56%, 20 seats

The Chamber of Deputies was reduced from 9 to 7 parties, with the historical left-wing parties KSCM and CSSD no longer represented.

1. <a href="https://www.diplomatie.gouv.fr/fr/dossiers-pays/republique-tcheque/presentation-de-la-republique-tcheque/">https://www.diplomatie.gouv.fr/fr/dossiers-pays/republique-tcheque/presentation-de-la-republique-tcheque/</a>

The new government, headed by Petr Fiala, was appointed by President Miloš Zeman only on 17 December 2021 and received his parliamentary vote of confidence on 13 January 2022. The dual coalition ("Spolu" and Pirates/Stan) at the head of the government is based on an alliance of five parties: ODS (the Prime Minister and 5 ministers), STAN (Mayors and Independents, centrist, 4 ministers), KDU-CSL (Christian-Democrats, 3 ministers), TOP 09 (centrists, "haveli", 2 ministers) and Pirates (liberal centre, sitting in the Green group in the European Parliament, 3 ministers, first time in a government). The new coalition thus has an absolute majority of 108 seats out of 200.

In this new political context, the first 100 days of its mandate showed a strong priority given to domestic issues and to reducing the public deficit. The war in Ukraine subsequently had a strong impact on the government's action and marks the priorities of the Czech Presidency of the EU Council in the second half of 2022. Prime Minister Petr Fiala showed strong support for Ukraine (early support for the European perspective, massive refugee reception, significant humanitarian and military aid), with a transpartisan consensus on this issue.

#### **EUROPEAN POLICY**

The Czech Republic joined the European Union on 1 May 2004 (77.3% "yes" in the June 2003 referendum), and the Schengen area in 2007. During its Presidency of the Council in 2009, the Eastern Partnership was launched (Prague Summit, 7 May 2009). It will preside over the EU Council from 1 July to 31 December 2022 with Ukraine at the heart of its priorities (presented on 15 June).

**Presence in the EU institutions:** the Czech Commissioner in the Von der Leyen Commission is Ms Věra Jourová, responsible for values and transparency. She is also Vice-President of the European Commission. The Czech Republic has 21 Members of the European Parliament.

**European defence:** Prague, without renouncing its attachment to NATO and the strong transatlantic link, has committed itself to European defence by associating itself with several initiatives (CSP, EDF, PEDID), especially by contributing to EUTM Mali and by integrating the Takuba Task Force within the Barkhane operation. It provides financial support to the G5 Sahel and is interested in the P3S. It appears ready to maintain its presence in the region in the framework of the re-articulation of existing arrangements. Following the Russian invasion of Ukraine, it deployed several hundred soldiers in Slovakia as part of the reinforcement of NATO's eastern flank (EFP), of which it is a framework nation.

Western Balkans: EU enlargement to the Western Balkans is a constant in Czech policy and will continue to be closely monitored under the EUPT.

Conference on the Future of Europe: The Czech Republic co-signed on 9 May the letter of the 13 Member States opposed to the revision of the treaties, without being opposed to it in absolute terms. Nor does it link the issue of enlargement to the necessary revision of the EU's operating rules.

**Refugees:** the Czech Republic has traditionally been opposed to the establishment of a permanent and compulsory mechanism for the relocation of refugees since the refugee crisis of 2015. The European Commission's proposal for a Pact on Asylum and Migration has been met with a reserved but pragmatic reception based on three principles: no compulsory relocation quotas, strengthening of the external borders, development of the external dimension of the European migration policy. The Czech Republic has made a very significant effort to receive Ukrainian refugees in the context of the war in Ukraine (360,000).

**Regional policy:** the Czech Republic is a major beneficiary of the structural funds, with an envelope of almost 24 billion euros allocated for the period 2014-2020. 27bn for the new MFF from 2021-2027. 7.1bn under its National Recovery Plan (NRP, around 3.2% of GDP) in the form of grants.

**Visegrád Group:** The Czech Republic is a member, together with Hungary, Poland and Slovakia, of the Visegrád Group (V4), an informal consultation forum within the European Union. Its annual rotating presidency is held by Hungary until 30 June 2022. Slovakia will take over the Presidency on 1 July.

**Slavkov/Austerlitz format:** initiated by the Czech Republic in 2015, this format includes Austria and Slovakia, in addition to the Czech Republic. Also known as the Austerlitz or "S3" format, it too has an annual rotating presidency held between 1 July 2021 and 30 June 2022 by the Czech Republic. Slovakia has held the Presidency since 1 July.

#### **FOREIGN POLICY**

Czech diplomacy is characterised by a strong commitment to transatlantic relations, economic diplomacy and human rights ("Havrelian diplomacy").

NATO: The Czech Republic bases its security on its membership in the Atlantic Alliance since 1999. It is committed to increasing its defence budget to 2% in 2025 (1.34% in 2022, i.e. EUR 3.5 billion). The new Fiala government is also making this a high priority, particularly in the context of the war in Ukraine.

Russia: Czech-Russian relations have been at their lowest ebb since the early 2000s and have deteriorated even more since the Vrbetice affair (explosion of an ammunition depot in 2014) and the mass expulsions that followed (April 2021). In the context of the war in Ukraine, the unity of the entire political class prevails in calling for very firm sanctions against Russia.

**Ukraine:** The Czech Republic defends the territorial integrity of Ukraine and provides material assistance through the Visegrád Group. It is one of the most supportive countries in Ukraine, with a massive intake of refugees (3% of the Czech population), generous humanitarian aid and significant military aid, including heavy weaponry. It was an early supporter of granting Ukraine EU candidate country status.

China/Indopacific: The Czech Republic participates in the "16+1" cooperation format between China and the countries of Central and Eastern Europe. While President Zeman had sought to open the Czech Republic to investment (strategic partnership in 2016) and Chinese influence, the political class has worked in the opposite direction in recent years (exclusion of Chinese operators from sensitive economic issues and visits by the President of the Czech Senate to Taiwan while a Taiwanese delegation visited Prague). This logic has also led to Czech interest in the EU's strategy for the Indo-Pacific, a region that is part of the EUPT's external priorities, while at the same time being marked by a transatlantic line.

Mali: engaged since 2013 in the Sahel, the Czech Republic opened an embassy in Bamako in 2019 to support stabilisation and security efforts.

## **POLITICAL** ACTORS



#### Karel Havlíček

**Vice-Chairperson of the Chamber of Deputies of the Czech Republic since February 2022** 

Former Deputy Prime Minister of the Czech Republic, Minister of Industry and Trade and Minister of Transport in Second Cabinet of Andrej Babiš

Karel Havlíček graduated from the Faculty of Civil Engineering at the Czech Technical Faculty, studied at PIBS at Manchester Metropolitan University and received his PhD at University of Economics in Prague where he also earned the title "Docent". He has been a long-term advocate for entrepreneurs, mainly as the Chairman of the Board of Directors of the Association of Small and Medium-Sized Enterprises and Crafts of the Czech Republic.

He is the co-owner and CEO of the SINDAT group which has developed over the past twenty years into a respected investor in the area of small and mid-sized industry and new technologies. Karel Havlíček has been a member of numerous advisory bodies in the government and ministries. Since 2014, he has been a member and since 2018 the Deputy Chairman of the Governmental Research, Development and Innovation Council. Karel Havlíček is the author of the Innovation Strategy of the Czech Republic 2019–2030.

## **POLITICAL** ACTORS



#### **David Smoljak**

Source of regular information about the activities of the upper chamber of the Czech Parliament (Senate).

David **Smoljak** graduated from FAMU. majoring screenwriting and dramaturgy. He has gone through all sorts of professions from caretaker to television writer and dramaturge, journalist to chief dramaturge and editor-in-chief of television entertainment. For the last five years, as the coordinator of the association "Freedom to the Media!", he has been dealing a lot with the situation around public service media. David consider their independence to be absolutely crucial for maintaining free conditions in our country. And he has been spending more and more time recently as a councillor and councillor for territorial development and the environment solving various problems and needs associated with our city district of Prague - Vinoř.

"My relationship with politics has always been very similar to the famous innkeeper from hospoda Na mýtince. I've always been very interested in politics, but I never wanted to get into it. When I founded the "Association for Vinoř" together with others twelve years ago, we only wanted to have an association of like-minded people. But we soon understood that if we want to influence what is happening around us, we have to get a mandate from the voters. And so we went to the elections and became the legitimate opposition, in the second term we got as a coalition party in the town hall and in the third we already won and we could start working at that town hall to the fullest. Over the years, I've come to understand one thing... Politics is often quite harsh and indiscriminate, full of difficult compromises, but by its very nature it is not dirty. But if we all give up on it and leave it to those who want to do it only for the power over everything and everyone, it will surely be like that."

## **POLITICAL** ACTORS



#### Mikuláš Bek

#### **Minister for European Affairs**

Mikuláš Bek was born in Šternberk to parents from Litovel and Olomouc. He grew up in Prague, where his parents moved. After graduating from a grammar school in 1982, he came to Brno for the first time as a student of Musicology at the then University of Jan Evangelista Purkyně, which is Masaryk University today. In 1986 he completed his studies and, after completing military service, he continued at Charles University in Prague, where he obtained a doctorate. During his studies he completed a half-year study visit to the Humboldt University in Berlin. At the Faculty of Arts at Charles University, he then worked as an assistant professor; in 1994 he was a "visiting lecturer" at Royal Holloway College (University of London).

Since 1999 he has been teaching at Masaryk University in Brno, where he initially worked as the head of Department of Musicology, and since 2004 as vice-rector for strategy and external relations, among other things responsible for international relations and European Structural Fund projects. From 2011 to 2019 he served for two terms as the rector of Masaryk University. He also held the position of vice-president of the Czech Rectors Conference for education and represented the Czech Republic in the council of the European University Association. From 2000 to 2017 he lived in Dambořice, where he was a representative for a single term (2006–2010). In 2018 he was elected senator for the constituency of Brno-město and became Vice-Chairman of the Senate Committee on European Union Affairs; in 2020 he was elected its chairman.

## OSCE REPORT: THE CZECH REPUBLIC PARLIAMENTARY ELECTIONS 8-9 OCTOBER 2021



### THE CZECH REPUBLIC

#### PARLIAMENTARY ELECTIONS 8-9 October 2021

#### ODIHR Election Expert Team Final Report



Warsaw 22 March 2021

#### **TABLE OF CONTENTS**

| I. EXECUTIVE SUMMARY  | 1  |
|---|----|
| II. INTRODUCTION AND ACKNOWLEDGEMENTS                                 | 2  |
| III. BACKGROUND AND POLITICAL CONTEXT                                 | 3  |
| IV. ELECTION ADMINISTRATION   | 4  |
| A. ELECTION MANAGEMENT BODIESB. VOTING METHODS                        |    |
| V. ELECTION CAMPAIGN  | 6  |
| VI. MEDIA   | 8  |
| A. MEDIA LANDSCAPEB. LEGAL FRAMEWORKC. CAMPAIGN COVERAGE IN THE MEDIA | 9  |
| VII. ELECTORAL PARTICIPATION OF WOMEN                                 | 11 |
| VIII. RECOMMENDATIONS   | 13 |
| A. PRIORITY RECOMMENDATIONSB. OTHER RECOMMENDATIONS                   |    |
| ANNEX: FINAL RESULTS  | 15 |
| ABOUT ODIHR   | 16 |

## THE CZECH REPUBLIC PARLIAMENTARY ELECTIONS 8-9 October 2021

#### ODIHR Election Expert Team Final Report<sup>1</sup>

#### I. EXECUTIVE SUMMARY

Following an invitation from the government of the Czech Republic, the OSCE Office for Democratic Institutions and Human Rights (ODIHR) deployed an Election Expert Team (EET) to observe the 8 and 9 October 2021 elections to the Chamber of Deputies (hereinafter parliamentary elections). The ODIHR EET assessed aspects of the electoral process related to the conduct of elections during the COVID-19 pandemic, the election campaign, the media landscape and campaign coverage, as well as the participation of women in elections.

The elections took place against the backdrop of a polarized political context, and many interlocutors perceived the elections as a plebiscite on Prime Minister Andrej Babiš, who was challenged by the newly created coalitions *SPOLU* as well as Pirate Party and Mayors and Independents (STAN), composed of several mid-size parliamentary parties.

The Election Law has been amended on several occasions since the last parliamentary elections, including in 2021 with regards to electoral system and alternative voting methods, the latter in response to the COVID-19 pandemic. Most previous ODIHR recommendations remain unaddressed, including those related to the suffrage rights of persons with intellectual and psychosocial disabilities, mechanism of voter lists' compilation and verification, media ownership concentration, participation of women in elections, and the status of citizen and international observers. All ODIHR EET interlocutors regarded the legal framework as conducive to holding democratic elections.

Elections are administered by multiple bodies and institutions at national, regional and local levels. The State Election Commission is coordinating the overall organization of elections, and the Ministry of Interior together with a number of state institutions, local governments and election commissions are responsible for technical preparations and for managing the process. All ODIHR EET interlocutors expressed full confidence and trust in the professionalism and impartiality of the various state institutions dealing with the administration of elections.

Voting methods gave an ample opportunity for voters to cast their ballots either in their registered polling station during two days of elections, or at any other station by applying for an Absentee Voting Certificate, or at home by means of mobile ballot box, and at diplomatic missions abroad. Special measures, such as advance voting at drive-through locations and quarantined residence facilities, and mobile voting arrangements, were introduced for voters in quarantine or in self-isolation as a response to the COVID-19 pandemic. Some 8.2 million voters were eligible to cast their ballot.

The Constitution guarantees fundamental freedoms and contestants could freely reach out to citizens in an overall competitive, but polarized campaign. Members of government benefited from their official position during ten months of campaigning. Political parties used both conventional and online tools to address the voters. In a limited number of campaign events observed by the ODIHR EET, social distancing measures against the COVID-19 pandemic were not fully respected by participants. The tone of the campaign was often harsh, with charged language and personal attacks between candidates. ODIHR EET interlocutors from parties and civil society expressed concerns over a sizable impact of growing disinformation in the campaign.

The English version of this report is the only official document. An unofficial translation is available in Czech.

Media landscape is vibrant and pluralistic, yet the concentrated ownership of the major media houses by local magnates is of concern in terms of their editorial independence. Many ODIHR EET interlocutors voiced concern about stifled critical reporting on the Prime Minister and his government, as also reflected in campaign coverage by some private media. Public broadcasters enjoy high trust in society as an influential and impartial source of news. However, the manner of appointment of the Czech Television's oversight body in 2020-2021 and subsequent activities against the television management are of concern in relation to oversight and independence of the public broadcaster.

Campaign coverage was extensive in both public and private media, including debates on TV, radio and online. It was complemented by generous free airtime allocated to all contestants on public radio and TV. Although some small parties challenged the lack of invitation of these parties to the main debates on the eve of voting, the programming gave all parties possibility to present their platforms and for voters to make an informed choice. Several instances of limited access to information and/or inflammatory language against journalists were noted during the campaign period in events with participation of the Prime Minister and office of the president, as well as during campaign events of some contesting parties.

Women remain underrepresented in public and political life. In the newly elected Chamber of Deputies, the number of women has increased from 23 to 25 per cent. Although the number of female candidates has also increased in these elections, the position of women on candidate lists continues to be low-ranked. In the absence of legislative requirements for an equitable representation of women, none of main contestants applied internal measures for advancing women in their candidate lists. Many ODIHR EET interlocutors raised concern that female candidates are often affected by sexist and misogynistic remarks, especially in social networks.

This report offers recommendations to support efforts to further align elections in the Czech Republic with OSCE commitments and other international obligations and standards for democratic elections. Priority recommendations focus on enhancing transparency and accountability of voter registration, further introduction of safeguards for media pluralism and facilitation of effective participation of women in public and political life. ODIHR stands ready to assist the authorities to address the recommendations contained in this and previous reports.

#### II. INTRODUCTION AND ACKNOWLEDGEMENTS

Following an invitation from the government of the Czech Republic and based on the findings and conclusions of the Needs Assessment Mission (NAM) conducted from 7 to 11 June 2021, the OSCE Office for Democratic Institutions and Human Rights (ODIHR) deployed an Election Expert Team (EET) to observe the 8 and 9 October parliamentary elections. The ODIHR EET consisted of four experts drawn from four OSCE participating States and stayed in the country from 23 September till 13 October.

The ODIHR EET assessed aspects of the electoral process related to the conduct of elections during the COVID-19 pandemic, the election campaign, the media landscape, the campaign coverage in the media, as well as the participation of women in elections. Therefore, the report is limited in scope and does not offer an overall assessment of the electoral process. The specific areas under review were assessed for their compliance with OSCE commitments and other international obligations and standards for democratic elections, as well as with national legislation. In line with ODIHR methodology, the ODIHR EET did not undertake a comprehensive and systematic observation of the election day proceedings, but visited a limited number of polling stations and one voting results collection point. This final report should be read in conjunction with the 2021 ODIHR NAM report

Page: 3

and the previous 2017 ODIHR Election Assessment Mission report, which provide additional detail and recommendations on the electoral process in the Czech Republic.<sup>2</sup>

ODIHR wishes to thank the Ministry of Foreign Affairs (MFA), the Ministry of Interior (MoI) and other state institutions for their assistance and co-operation. The ODIHR EET also wishes to express gratitude to representatives of political parties, media and civil society for sharing their views.

#### III. BACKGROUND AND POLITICAL CONTEXT

The Czech Republic is a parliamentary republic, with a government led by the prime minister who is appointed by a directly elected head of state – the president. The bicameral parliament comprises the Senate (upper chamber), with 81 senators directly elected for a six-year term, and the Chamber of Deputies (lower chamber) with 200 members. Elections to the Chamber of Deputies (hereinafter parliamentary elections) were called by the President on 28 December 2020.

The last parliamentary elections took place in October 2017 and resulted in a fragmented political party landscape, with nine parties represented in the Chamber of Deputies. A minority government was led by the political movement ANO 2011 (ANO) in coalition with the Czech Social Democratic Party (ČSSD), supported by the Communist Party of Bohemia and Moravia (KSČM).<sup>3</sup> In the 2018 elections, the ruling parties lost the majority in the Senate, while in the 2020 regional elections, ANO again emerged as the party with the most voter support.

The elections took place in a polarized political context, with many ODIHR EET interlocutors perceiving the vote as a plebiscite on the Prime Minister. The electoral environment was marked by a certain level of disillusionment among the electorate with the government's handling the COVID-19 pandemic, investigations against Prime Minister Babiš regarding the allegations of misuse of the EU funds by the companies indirectly controlled by him, a third, although unsuccessful, motion of no-confidence to the government brought by the opposition and several demonstrations throughout the country organized by the civil society groups.<sup>4</sup>

Although having limited constitutional powers, the country's president plays an important role in the electoral process, with his prerogative for designating the party in charge of forming the new government. In his public appearances, President Miloš Zeman repeatedly voiced his preference for giving such responsibility to Mr. Babiš and ANO, irrespective of the result and possible parliamentary majorities.

ODIHR has previously observed four elections in the Czech Republic. The last ODIHR Election Assessment Mission concluded that the 2017 parliamentary elections "were competitive and pluralistic. Voters had a wide choice of candidates from an extensive spectrum of political parties. Contestants were able to campaign freely and all fundamental freedoms were largely respected".

<sup>2</sup> See all previous ODIHR <u>election-related reports on the Czech Republic</u>.

After the 2017 parliamentary elections, the Chamber of Deputies included ANO (78 seats), Civic Democratic Party (ODS, 25 seats), Pirate Party (22 seats), Freedom and Direct Democracy (SPD, 22 seats), KSČM (15 seats), ČSSD (15 seats), Christian Democratic Union - Czechoslovak People's Party (KDU-ČSL, 10 seats), TOP 09 (7 seats), and Mayors and Independents Movement (STAN, 6 seats).

Mr. Babiš is a billionaire who entered politics in 2012 and is said to control a significant part of national media. Just a few days before elections, Mr. Babiš's businesses were again under the spotlight following international revelations about acquisition of a luxury property via offshore companies.

#### IV. ELECTION ADMINISTRATION

#### A. ELECTION MANAGEMENT BODIES

The elections were administered in a decentralized manner by multiple bodies and institutions at national, regional and local levels, including the State Election Commission (SEC), the MoI, the Central Statistical Office (CStO), the MFA, 14 Regional Offices, 6,254 municipalities and 14,886 Polling Station Commissions (PSC). All ODIHR EET interlocutors expressed full confidence and trust in the professionalism and impartiality of the institutions administering elections.

The SEC is a permanent body composed of ten members, including representatives from the Office of the president, ministries with responsibilities in electoral process, and the CStO, and is chaired by the Minister of Interior. The SEC co-ordinates the conduct of elections, and approves and publishes election results. Political parties, movements and coalitions have no representation in the SEC, and its meetings take place on an *ad hoc* basis, behind closed doors, despite a previous ODIHR recommendation. The law also does not provide for citizen and international election observation. The ODIHR EET was not able to observe any SEC meetings as well.

Consideration could be given to opening the SEC meetings to the public and political parties

The MoI oversees the technical aspects of elections, including distribution of voter registration data to municipalities and production of ballot papers and envelopes. For these elections, in order to facilitate the participation of persons with disabilities in elections, the MoI prepared several videos with subtitles and sign language and an information leaflet in an easy-to-read format. Positively, ballot paper envelopes sent to voters contained an information sheet with QR-codes linked to the websites with information adapted for voters with special needs.

Some ODIHR EET interlocutors raised concerns that the personnel of care institutions or public guardians rarely inform their wards on electoral matters, including due to lack of clear guidelines or practice to keep persons with disabilities informed about exercising their voting rights. According to several ODIHR EET interlocutors, physical accessibility of some polling stations remains an obstacle. The ODIHR EET, while visiting polling stations in old school buildings, noted that some had no accessibility ramps or lifts to provide access to voters in wheelchairs.

Considerations should be given to raising awareness and providing training for public authorities about the electoral rights of persons with disabilities and possible forms of facilitation of their rights.

The Regional Offices are responsible for the registration of candidate lists in the respective constituencies, provide logistical support to the CStO and train the PSCs. For these elections, approximately 44,000 PSC members received mandatory training on election day proceedings.<sup>7</sup>

The CStO is responsible for the tabulation of election results at regional and central levels. It administered 507 voting results collection points across the country, where the PSCs delivered the voting results protocols. The tabulation observed by the ODIHR EET at one collection point was well administered and transparent. The CStO displayed on its website the incoming voting results by polling stations in real time, including from stations abroad, in a transparent and professional manner.

The MoI does not collect and administer centralized data about the number of voters ahead of an election.

The current SEC members include five women and five men.

In two polling stations observed by the ODIHR EET, no proper reconciliation ahead of counting was implemented by the PSC members.

Municipalities are in charge of informing voters about the voting time and place, administering voter lists, distributing ballots to voters, setting up polling stations, and appointing the PSCs. Political parties, movements and coalitions running in elections were entitled to nominate one member and one substitute member to each PSC. If there was an insufficient number of party nominees, vacant positions within the PSCs were filled with municipal workers or volunteers appointed by mayors.

#### **B.** VOTING METHODS

The municipalities had to inform voters by 23 September where to go to the polls and mail them a set of ballot papers by 5 October except for voters without permanent residence or homeless people. According to the CStO information released after elections, there were 8,275,752 registered voters.

Citizens had several options to exercise their right to vote besides casting their ballots in-person at their respective polling stations. Voters could apply for an Absentee Voting Certificate (AVC) at the municipal authorities of their permanent residence to be able to vote at any polling station within or outside the country. If an AVC was not delivered to a voter, the latter would not be able to get a duplicate and vote. The MoI explained the lack of possibility to issue a duplicate due to absence of any centralised data on use of the AVCs and informed the ODIHR EET, that it had prepared draft amendments of the relevant legal provisions with the aim of strengthening the guarantees of universal suffrage. In

As previously recommended, considerations could be given to creating a central voter register with a view to integrate nationwide voter registration data, facilitate cross-checks of voter lists against multiple or faulty entries, and control the use of the absentee voting certificates.

In July 2021, in light of the COVID-19 pandemic, the parliament approved a government bill on special voting methods applied in case of sanitary emergency. As this was the case during these elections, special methods were available for voters in quarantine or isolation and for those sick with the COVID-19, and special rules were applied for the administration of elections and the determination of the results of elections. Despite changes of the voting procedures made late in the process, all ODIHR EET interlocutors expressed confidence in the legal framework and regarded it conducive to holding democratic elections.

Those voters who qualified for the special arrangements could cast their vote from their vehicles in drive-through polling stations two days prior to the first day of polling. <sup>11</sup> Another option of special voting introduced by the new law was mobile voting of eligible voters in the quarantine residence facilities the day preceding the first day of voting. A third option offered qualified voters to request respective Regional Offices to provide a mobile ballot box at home. <sup>12</sup> All the ballot boxes used for special voting due to the COVID-19 pandemic were stored until the end of the polling and were then counted by the special counting commissions at the Regional Offices.

Around 400,000 people without permanent residence are registered in town halls and receive ballots there.

The municipal offices had to issue the AVCs no earlier than 23 September. A voter could apply for an AVC in writing by 1 October, accompanied with an officially certified signature; electronically, via the data box, also by 1 October; and in person until 6 October. The AVCs are produced by the MoI and contain serial numbers and watermarks as security features.

OSCE participating States, in Paragraph 7.3 of the 1990 OSCE Copenhagen Document, committed to "guarantee universal and equal suffrage to adult citizens". See also Section 1.2 of the 2002 Venice Commission Code of Good Practice in Electoral Matters.

In total, 1,601 voters in quarantine or isolation used the opportunity to vote at 82 drive-through polling stations.

The mobile ballot option could only be requested by telephone no later than 20:00 the day before the first day of voting and was used by about 1,200 voters.

In line with the SEC guidelines, voters had to wear face masks, use hand disinfectants provided in polling stations, and follow social distancing protocol inside polling stations.<sup>13</sup> In a few polling stations visited by the ODIHR EET, the COVID-19 related measures were generally adhered to.

Voters living abroad need to register at their respective embassy to be included in a special voter list. <sup>14</sup> For these elections, 18,808 voters registered abroad and were removed from the voter list at their permanent address. The out-of-country votes are counted at the diplomatic missions abroad and allocated to 1 of the 14 constituencies pre-selected randomly. Several ODIHR EET interlocutors advocated for introduction of postal voting for those abroad and strengthening guarantees for secret voting at small polling stations. <sup>15</sup>

#### V. ELECTION CAMPAIGN

The campaign period starts from the official call of the elections and continues until the promulgation of election results. There is no campaign silence period, but it is not allowed to campaign on election days at the voting premises and in their immediate vicinity. <sup>16</sup> The president has to announce the dates for holding elections no later than 90 days from the voting, but the law does not specify how early this announcement can be done. Many ODIHR EET interlocutors noted that this gap in the law and call of elections too far from election day benefits well-established parties and those holding public office. <sup>17</sup> Some ODIHR EET interlocutors also noted that protracted campaign makes it difficult for smaller parties to plan and budget their campaign activities. <sup>18</sup>

Many ODIHR EET interlocutors informed that the campaign was very low key for several months, gaining momentum in August when billboards and stands displayed campaign materials in the streets, and paid advertisements appeared on the Internet and social networks, going into full swing three weeks before the vote.

In order to guarantee level playing field and to ensure equal opportunities to all contestants, consideration could be given to determine a set timeframe for the duration of the election campaign, detached from the date of the announcement of elections.

The law stipulates honesty and integrity in the conduct of the election campaign and prohibits publication of untruthful information with regard to candidates, parties, movements, or coalitions. Besides the contestants, natural or legal persons may also register as a third party and independently campaign in favour or against any candidacy. Each printed and broadcast campaign material must be labelled with data on who ordered and who produced it. Municipal authorities have to designate locations where contestants may post their campaign materials free of charge and on an equal basis.

The Constitution guarantees fundamental freedoms, and contestants could freely reach out to citizens in an overall competitive, but polarized campaign. The most recurrent topics were the economic

The MoI issued a directive on the provision of resources for hygiene and anti-epidemic measures in the elections.

Publishing of opinion polls is prohibited within the last three days before the voting.

Voters residing abroad could vote at 110 embassies and 1 special polling station for UN soldiers. According to the MFA, there are some 500,000 Czech citizens living abroad.

In 2021, 50 senators prepared a bill to introduce postal voting for voting abroad, which did not find the necessary support of the government and the Chamber of Deputies.

The President called these elections on 28 December 2020, and the election campaign formally lasted for more than nine months.

The campaign expenditure ceiling is limited to CZK 90 million per contestant (some EUR 3.6 million) regardless of the duration of the election campaign. EUR 1 is approximately CZK 25.5 (*Czech Koruna*).

situation, the social welfare, the fight against corruption and illegal immigration. The geostrategic orientation of the country also featured in the campaign, including its position inside the EU, the cooperation with the Visegrád group and its relation with China and Russia. <sup>19</sup> Notably, the COVID-19 pandemic did not have an important echo in the campaign discussions.

Political parties used both conventional and online tools to address voters. With some exceptions, contestants refrained from organizing large events, and most public outreach was done through small format meetings, including distribution of printed materials. There were no specific COVID-19 related measures impeding the conduct of the campaign. In the events observed by the ODIHR EET, social distancing was not maintained, and most participants were not wearing face masks.

According to ODIHR EET party interlocutors, posters and billboards were mostly displayed inside and around the public transportation hubs in urban areas, while in smaller towns, parties preferably used the free spaces allocated by the municipalities and had more direct interaction with voters, including door-to-door canvassing. The ODIHR EET was not aware whether contestants reached out to persons with disabilities, either through easy-to-read or other adapted materials.

The Prime Minister and his party ANO were mainly challenged by the newly created conservative-right coalition *SPOLU* (Together) and the liberal coalition of Pirate Party and STAN.<sup>20</sup> The tone of the campaign was harsh, with charged language and personal attacks between candidates, at times bordering on insult, particularly between the Prime Minister and the leader of the Pirate Party.<sup>21</sup> The campaign was prominent in social networks, especially through *Facebook*, *YouTube* and *Instagram*, including the use of paid advertisements. Many ODIHR EET interlocutors from parties and civil society pointed out the considerable negative impact of disinformation on the campaign. According to many ODIHR EET interlocutors, fake news and misleading messages, in particular about illegal immigration, were extensively spread through social networks and emails. The prominent targets of disinformation were the Pirate Party, and to a lesser extent ANO and the *SPOLU* coalition. While it was not possible to identify the sources of disinformation, some political actors synchronized their campaign narratives to the disinformation contents thus amplifying their effect.<sup>22</sup>

Members of the government benefited from their official position along the lengthy campaign. This amplified the advantage of incumbency, especially in media, and some civil society interlocutors of the ODIHR EET described this as 'privatization of the public interest'. ANO representatives met by the ODIHR EET acknowledged that their candidates had no need to hold an intense campaign

The Visegrád Group is a cultural and political alliance of the four Central European EU member states: Czech Republic, Hungary, Poland and Slovakia.

Coalition *SPOLU* was composed of ODS, KDU-CSL and TOP09. A third coalition which contested in these elections consisted of *Tricolor*, Free Citizens and Freeholders (TSS).

For example, on 4 June, Ivan Bartoš, leader of the Pirate Party, used the party's *Facebook* account to call Mr. Babiš liar and incompetent for posting a message on *Twitter* accusing the Pirate Party of plans to take people's houses and give them to illegal immigrants. On 16 July, the Pirate Party filed a lawsuit at the regional court in Prague against Mr. Babiš for spreading lies and disinformation. On 1 September, during the TV debate at CNN Prima News, after the leader of ANO interrupted his opponents, Mr. Bartoš made offensive comments about Mr. Babiš and then about Marian Jurečka, the representative of the *SPOLU* coalition. In the last days of the campaign, ANO published a video portraying the Pirate Party as a horde of people waving placards reading "Refugees Welcome!", "Tax People's Flats!" and "Lower Pensions!"

For instance, some ODIHR EET interlocutors claimed clear correlation between the intensity of disinformation against the Pirate Party and their decline in the opinion polls.

For example, on 2 October, Prime Minister Babiš and Minister of Transport and Finance Karel Havlíček participated in the opening of the last Section of the renovated segment of highway Prague-Brno. On 4 October, Mr. Babiš sent a letter labelled as campaign material to every household in the Czech Republic asking for support to ANO, but signing it as "your Prime Minister".

activity because they were constantly in the focus due to their official responsibilities. Extensive use of public office blurred the line between public function and campaign activity, at odds with the 1990 OSCE Copenhagen Document.<sup>24</sup>

To prevent the misuse of office and state resources, additional legal safeguards should be considered to regulate the campaign activity of candidates holding public positions, including the introduction of dissuasive and timely sanctions.

A vibrant sector of non-partisan civil society organizations played a very important role strengthening the transparency of the process, by monitoring the accountability of the campaign finance, fact-checking content in social networks, and tracking disinformation schemes. Some civil society organizations were politically involved, actively campaigning as third parties on behalf or against certain contestants.<sup>25</sup>

#### VI. MEDIA

#### A. MEDIA LANDSCAPE

The media landscape is vibrant and pluralistic, yet the ownership of the major media houses by a handful of local magnates casts a shadow over their editorial independence.<sup>26</sup> It gives reason for concern as the media linked to these houses reach over 50 per cent of all media weekly audiences.<sup>27</sup> While actual proof of owners' interference is limited, almost all ODIHR EET shared a widespread perception that the media ownership concentration stifled critical reporting on Mr. Babiš and his government.

There are no specific thresholds for media cross-ownership.<sup>28</sup> Some limits exist on the number of broadcasting licences a physical or legal person can own, yet this rule is not extended to print media. When examining the sales or mergers of the media houses, the Office of Protection of Competition analyses the economic impact of new ownership structures, but no regulator evaluates their impact on media plurality.<sup>29</sup> The Law on Conflict of Interest, which aims to prevent political affiliations of

Article 5.4 of the 1990 OSCE Copenhagen Document states that there must be "a clear separation between the State and political parties; in particular, political parties will not be merged with the State".

Paragraph 40 of the 2011 <u>ICCPR General Comment No.34</u> requires that "States parties should take appropriate action [...] to prevent undue media dominance or concentration by privately controlled media groups in monopolistic situations that may be harmful to a diversity of sources and views".

According to some <u>Czech media researchers</u>, four media groups owned by business magnates dominate the media market. These groups individually reach between 28.1 and 68.3 per cent of the audience weekly, with the largest share belonging to media house *MAFRA*, which is part of a conglomerate owned by Mr. Babiš. Among other titles, it publishes a leading daily newspaper *Mladá Fronta Dnes*.

Section I of the <u>Council of Europe's Committee of Ministers Recommendation No R (99)1 on Measures To Promote Media Pluralism</u> invites Member States to "consider the introduction of legislation designed to prevent or counteract concentrations that might endanger media pluralism at the national, regional or local levels [and] examine the possibility of defining thresholds [...] to limit the influence which a single commercial company or group may have in one or more media sectors".

For example, the 2015 *Penta* investment group's buying of regional paper *Denik* (73 local versions) *de facto* monopolized regional daily press.

Despite legal requirement, the civil society organization Million Moments for Democracy, which was actively campaigning against Mr. Babiš and promoting the vote for the coalitions *SPOLU* or Pirates and STAN, did not register as a third party with the Office for the Oversight of Financing of Political Parties and Movements.

owners of the media, continues to generate controversy over the possibility to circumvent it.30 Positively, information about ownership is available free of charge on commercial register.

To safeguard media pluralism authorities should consider introducing a threshold for media ownership and cross-ownership, and extending these regulations to all types of media.

The negative effect of ownership concentration is partially offset by smaller outlets, both digital and print, which produce more in-depth and investigative journalism. However, their reach and impact, apart from offspring of local online giant Seznam, is limited, and they are not financially stable. High Internet usage by Czech citizens increases the role of online media as a source for political information, although so far television (TV) remains the most popular.<sup>31</sup>

The TV market is dominated by public Česká televize (ČT) and the private TV Nova and TV Prima.<sup>32</sup> According to many ODIHR EET interlocutors, the public broadcasters enjoy high trust in Czech society as an influential and impartial source of news. However, the events surrounding the appointment of the new members of the ČT council in 2020-2021 raised concerns of intentions of that time ruling coalition to politicize oversight and erode broadcasters' independence. 33 Various activities of some new members of the council against the ČT director general were perceived by some ODIHR EET interlocutors as aimed at removing him from the position and subsequently taming the news coverage and investigative programmes.<sup>34</sup>

The independence of public broadcasters should be respected, with effective safeguards in place for allowing dismissal of management only on well-founded grounds and for appointing public broadcasters' oversight bodies in a manner independent of political interference.

#### В. LEGAL FRAMEWORK

Freedom of expression is enshrined in the fundamental law and generally respected. Contrary to international standards, defamation remains a criminal offence, and criminal sanctions are regularly

32 ČT operates seven channels, including a 24-hour news channel and a dedicated outlet for the elderly people. Public radio Český rozhlas operates 12 stations, some of them accessible only online, including a dedicated channel for analytical journalism.

33 Candidates for members of councils of public broadcasters are proposed by civil society organizations without any required media expertise. They are approved by parliament and are supposed to act politically independently. The councillors can be dismissed altogether if the parliament does not approve relevant council's annual reports twice in a row. In 2020, news leaked that a representative of the ruling ANO party was instructing MPs to vote for candidates who are ideologically close.

34 Directors of public broadcasters are approved or dismissed by their oversight councils that also approve their budgets. Dismissal of the ČT director general requires the votes of 10 out of 15 councillors. After the elections started, one of the new ČT council members brought up allegations against the ČT director general claiming various conflicts of interest. After local and international media advocacy organisations voiced concerns, opposition stalled the appointment of the missing members leaving the ČT council with only nine members. According to Paragraph 16 of ICCPR General Comment 34, "State parties should ensure that public broadcasting services operate in an independent manner. In this regard, States parties should guarantee their independence and editorial freedom. They should provide funding in a manner that does not undermine their independence".

After the Law of Conflict of Interest entered into force in 2017, Mr. Babiš placed his Agrofert holding, including media companies, into two trust funds. In 2020, the European Commission concluded that Mr. Babiš was controlling the trusts. Upon the complaint of Transparency International, in September 2021, the Černošice Municipal Authority ruled that the Prime Minister was in conflict of interest due to media ownership. Mr. Babiš was fined CZK 250,000, the maximum for the offence. Mr. Babiš stated he would appeal.

<sup>31</sup> Source: Reuters Institute, Digital News Report 2021.

applied, although seldom in political cases.<sup>35</sup> In 2018, several MPs tabled the draft amendments to the Penal Code in the lower house of parliament to repeal the criminal sanctions for defamation. While the government supported such changes, the draft bill did not reach the first reading by the outgoing parliament.<sup>36</sup>

Criminal sanctions for defamation should be repealed in favour of proportionate civil sanctions.

Overall, free access to public information is ensured as mandated by law, yet notable exceptions have been recorded. In May 2021, the Office of the president accused four media outlets, including referring to two programmes of ČT, of spreading disinformation and announced that it would not provide information to them. One of the outlets, daily *Deník N*, challenged the decision in court as a violation of constitutional right to receive information from the state institutions.

Several laws regulate the media coverage of the campaign, including laws on parliamentary elections, on radio and TV broadcasting, on public broadcasters. All broadcasters are required to provide a balanced and neutral coverage of any party or movement within their news and political programmes. Public broadcasters supplemented those rules with internal guidelines on campaign coverage and published these on their websites well in advance of election days. Paid advertising is allowed only in print and online media, but the law envisages generous 14 hours of free airtime for all contestants on public TV and radio.

The Council for Radio and Television Broadcasting (CRTB) is the oversight body for audio-visual media. The CRTB also monitored the fairness of coverage in TV debates in these elections, but the findings are published only after elections so as not to interfere in the process. Media-related complaints can also be submitted to councils of public broadcasters and to the courts. The ODIHR EET was aware of dozens of complaints filed to the CRTB by citizens and a party alleging a biased coverage, as well as several complaints submitted to ČT council, Czech Radio council and courts, but all were reviewed only after elections. As a result, in a case of serious violations, there would not be a prompt remedy to rectify the imbalance of the coverage.

#### C. CAMPAIGN COVERAGE IN THE MEDIA

The newspapers, radio, online outlets, as well as public and private TV extensively covered the campaign in their regular news editions and programmes, as well as by organizing electoral debates.<sup>37</sup> Such programming helped the voters to make an informed choice. Many ODIHR EET interlocutors regarded the media coverage of the campaign as mostly fair towards the contestants, with certain bias in favour of Mr. Babiš exhibited by the media affiliated with him.

ČT had set a threshold of 7 per cent support level in opinion polls combined with a representation in regional councils for parties to receive an invitation to the main debates, thus limiting the number of participants. Other parties were given sufficient opportunity to appear in other programmes and use

According to the Ministry of Justice, during 2016 – 2020, 247 people have been prosecuted and 75 convicted for defamation. In 2017, President Zeman initiated a criminal case against Brno municipal councillor Svatopluk Bartík, who had posted on *Facebook* unproven claims about Mr. Zeman's health (later Mr. Bartík deleted the post). Mr. Zeman was also seeking civil damages. In February 2019, the Public Prosecutor's Office in Brno closed this criminal case without charge. In April 2021, the Court of Appeal confirmed the lower court's decision in the civil case that Mr. Bartík had to apologize and pay Mr. Zeman CZK 250,000 (about EUR 10,000).

According to Paragraph 47 of the 2011 CCPR General Comment No.34 to the ICCPR, "States parties should consider the decriminalization of defamation and, in any case, the application of the criminal law should only be countenanced in the most serious of cases and imprisonment is never an appropriate penalty".

According to the ODIHR methodology, the ODIHR EET did not conduct a comprehensive media monitoring.

free airtime, so that the public was able to hear their views. Two small parties challenged ČT decision not to invite them to the debates together with the main contenders. <sup>38</sup> To increase the interest of the audience in the debates, ČT developed an artificial intelligence anchor that was questioning the candidates on a basis of its analysis of programmes, biographies and other public data.

Several international and media advocacy organisations have previously expressed concerns regarding threats and hostile rhetoric about journalists and media outlets, especially in cases emanating from high-ranking politicians and public officials. Such instances were also observed in these elections. The Prime Minister refused to be interviewed by media outlets which he considered unsympathetic or hostile, and they were expelled from several ANO campaign events. The ODIHR EET was also informed of similar attitudes to journalists by the leader of SPD and actions of SPD supporters on social networks.

Public officials and other political figures shall refrain from using derogatory or inflammatory language against journalists due to fulfilment of their professional duties.

#### VII. ELECTORAL PARTICIPATION OF WOMEN

The Constitution and the Charter of Fundamental Rights and Freedoms, which form part of the constitutional order of the Czech Republic, do not specifically address equality between women and men; however, fundamental rights and freedoms are guaranteed for all.<sup>42</sup> There is no specific law aimed at promotion of gender equality, but the UN Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW) is included in the constitutional order of the country.

Women remain underrepresented in public and political life. In the newly elected Chamber of Deputies, the number of women elected has increased from 45 (22.5 per cent) to 50 (25 per cent). <sup>43</sup> In the outgoing government, only 4 of 15 cabinet ministers were women. Although the total share of women standing as candidates for these elections was 31.7 per cent, positions of women on the

See, for example, UN HRC <u>Concluding observations on the fourth periodic report of Czechia</u> (6 December 2019, CCPR/C/CZE/CO/4), Paragraphs 36 and 40.

The Greens Party, which was not included in the main TV debates, petitioned the court, but the decision was expected only after the elections. *Tricolor* complained to the CRTB for being not admitted to the TV debates, but ČT included representatives of *Tricolor* in the main debate as it had approached 7 per cent support in opinion polls.

Besides campaign events, on 29 September, *Seznam Zprávy, Investigace.cz*, as well as *Le Monde, Die Zeit* and *MDR* were not admitted to the joint press conference of Mr. Babiš and the visiting Hungarian Prime Minister Viktor Orbán on pre-text of COVID-19 restrictions and lack of space. Shortly afterwards, Mr. Babiš's bodyguards pushed away journalists from *investigace.cz* and BBC who were trying to ask Mr. Babiš questions about his involvement in the *Pandora Papers*. The Chief of Police justified actions of protection officers with their primary task to protect the official from potential harm.

The 2014 OSCE Safety of Journalists Guidebook (p.29) states "Elected politicians and all who hold high office are called on to demonstrate their unequivocal commitment to respecting press freedom and the safety of journalists".

The Anti-Discrimination Law further elaborates on definitions on discrimination and acceptable forms of different treatment.

In the Senate, the number of women is 12 of 81 senators (14.8 per cent).

Page: 12

candidate lists continued to be low, and women rarely led the candidate lists. <sup>44</sup> Thirteen women were elected in these elections by preferential votes. <sup>45</sup>

Despite previous ODIHR recommendation, no temporary special measures or any other mechanisms have been introduced to promote participation of women in elections. <sup>46</sup> None of the eight contestants leading the polls applied any internal party quotas to achieve balanced representation of women and men in their candidate lists. <sup>47</sup>

The Government Gender Equality Strategy 2021-2030 acknowledges that the current soft measures aimed at increasing the participation of women in politics are proving ineffective. The CEDAW Committee, among other international treaty bodies, has repeatedly recommended temporary special measures to be adopted, including that the Election Law be amended to implement the "zipper" system for election candidates. Several ODIHR EET interlocutors opined that besides any temporary measures, women's full and effective participation in public and political life should be fostered by means of comprehensive legal, institutional, and educational initiatives.

Several ODIHR EET interlocutors listed practical and structural obstacles that hinder stronger representation of women in political and public life. Among the issues mentioned were the shortage of public childcare and affordable private childcare options for children under three years of age. When combined with parental leave and big gender pay gap, this situation makes it harder for parents to have a more equitable division of childcare and household work. This creates structural barriers to women's labour force participation and negatively affects gender equality more broadly. Further, persisting gender stereotypes with regards to the role of women in the family were identified as contributing factors that diminish women's motivation to strive for public and political office.

Comprehensive efforts by the state and political parties should be made to promote women's effective participation and decision-making in public and political life. Special measures to increase number of women in elected positions should be considered. Among others, a system linking public funding of parties to a requirement for making a gender audit could be established, with an aim to review current intra-party practices that curb equitable representation of women within party structures.

Various ODIHR EET interlocutors noted that at times media coverage of women candidates focused on issues of private life rather than substantial political discussions. Further, visibility of women candidates in public debates was very low. Among the eight leading candidates participating in the "super debate" in ČT on 6 October, there was only one woman. <sup>50</sup> Concerns were raised by many ODIHR EET interlocutors that female candidates were often affected by sexist and misogynistic

Ten women were elected from STAN; one from ANO; one from TOP09 and one from KDU-CSL. Notably, in order to support election of women, a civic initiative "Circle a woman" advocated voters to make a preferential vote in favour of a female candidate.

See the Government Gender Equality Strategy 2021-2030, Paragraph. 4.1.1.

While all contestants could nominate 14 candidate lists (one per constituency), the SPD, *Přisaha* and ANO had 5 women in leading positions each; KSČM had 4 women leading their lists, Pirates and STAN as well as the ČSSD had 2 women in leading positions each, and *SPOLU* coalition had only 1 woman leading a candidate list. A notable exception to the pattern was the Greens Party, with nine women heading the candidate lists.

In 2015, there was an attempt to amend the Election Law to introduce minimum 40 per cent quota for each gender in candidate lists, but the draft amendment was discussed and rejected by the government.

The ČSSD abolished the internal quota in 2019. The Greens Party apply internal gender quota for the candidate lists, but received less than 1 per cent of the votes.

See Paragraph 23 (a) of the 2016 <u>Concluding observations on the sixth periodic report</u> of the CEDAW Committee, the 2018 <u>Follow-up Letter on Concluding Observations</u> of the CEDAW Committee, as well as Paragraph 19 of the 2019 UN HRC <u>Concluding observations on the fourth periodic report of Czechia</u>.

The chairperson of the *Tricolor* party who is also the leader of the TSS coalition.

Page: 13

remarks, body-shaming and hostile comments in social networks.<sup>51</sup> According to the information available to the ODIHR EET, there were only two Romani women competing in these elections.<sup>52</sup>

#### VIII. RECOMMENDATIONS

These recommendations, as contained throughout the text, are offered with a view to enhance the conduct of elections in the Czech Republic and to support efforts to bring them fully in line with OSCE commitments and other international obligations and standards for democratic elections.<sup>53</sup> These recommendations should be read in conjunction with prior ODIHR recommendations, which remain to be addressed. ODIHR stands ready to assist the authorities to further improve the electoral process and to address the recommendations contained in this and previous reports.

#### A. PRIORITY RECOMMENDATIONS

- 1. As previously recommended, considerations could be given to creating a central voter register with a view to integrate nationwide voter registration data, facilitate cross-checks of voter lists against multiple or faulty entries, and control the use of the absentee voting certificates.
- 2. To safeguard media pluralism authorities should consider introducing a threshold for media ownership and cross-ownership, and extending these regulations to all types of media.
- 3. Comprehensive efforts by the state and political parties should be made to promote women's effective participation and decision-making in public and political life. Special measures to increase number of women in elected positions should be considered. Among others, a system linking public funding of parties to a requirement for making a gender audit could be established, with an aim to review current intra-party practices that curb equitable representation of women within party structures.

#### **B.** OTHER RECOMMENDATIONS

#### **Election Administration**

4. Consideration could be given to opening the SEC meetings to the public and political parties.

5. Considerations should be given to raising awareness and providing training for public authorities about the electoral rights of persons with disabilities and possible forms of facilitation of their rights.

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Several ODIHR EET interlocutors acknowledged having been either themselves verbally harassed, or being aware of female colleagues or friends falling victims of such conduct, most often by private messages but also public remarks on social networks.

Out of six candidates of Romani origin, one woman stood on the candidate list of the Greens party (No.7 in Prague), and the other - on the list of the SDP (No.16 in Ustescky region). The UN HRC expressed concern in its Concluding observations on the fourth periodic report on Czechia of the underrepresentation of Roma in political life, recommending in Paragraph 15 (a) to "take effective measures to increase the representation of the Roma community at State bodies at both the national and local levels, including in Parliament, if necessary through appropriate temporary special measures".

According to Paragraph 25 of the 1999 OSCE Istanbul Document, OSCE participating States committed themselves "to follow up promptly the ODIHR's election assessment and recommendations". The follow-up of prior recommendations is assessed by the ODIHR EET as follows: recommendations 4, 8 and 18 from the final report on the 2017 parliamentary elections are partially implemented. See also the ODIHR Electoral Recommendations Database.

#### **Election Campaign**

- 6. To prevent the misuse of office and state resources, additional legal safeguards should be considered to regulate the campaign activity of candidates holding public positions, including the introduction of dissuasive and timely sanctions.
- 7. In order to guarantee level playing field and to ensure equal opportunities to all contestants, consideration could be given to determine a set timeframe for the duration of the election campaign, detached from the date of the announcement of the elections.

#### Media

- 8. The independence of public broadcasters should be respected, with effective safeguards in place for allowing dismissal of management only on well-founded grounds and for appointing public broadcasters' oversight bodies in a manner independent of political interference.
- 9. Criminal sanctions for defamation should be repealed in favour of proportionate civil sanctions.
- 10. Public officials and other political figures shall refrain from using derogatory or inflammatory language against journalists due to their fulfilment of their professional duties.

#### **ANNEX: FINAL RESULTS**

| CONTESTANT   | VALID<br>VOTES | PERCENTAGE | MANDATES |
|--|----------------|------------|----------|
| 1. Greens Party                                    | 53,343         | 0.99       | -        |
| 2. Swiss Democracy                                 | 16,823         | 0.31       | -        |
| 3. Free Bloc                                       | 71,587         | 1.33       | -        |
| 4. Freedom and Direct Democracy                    | 513,910        | 9.56       | 20       |
| 5. Czech Social Democratic Party                   | 250,397        | 4.65       | -        |
| 6. Vote Right Bloc www.cibulka.net                 | 586            | 0.01       | -        |
| 7. Alliance of National Forces                     | 5,167          | 0.09       | -        |
| 8. <i>Tricolor</i> , Free Citizens, Freeholders    | 148,463        | 2.76       | -        |
| (TSS)  |                |            |          |
| 9. Alliance for the Future                         | 11,531         | 0.21       | -        |
| 10. The Springs Movement                           | 8,599          | 0.15       | -        |
| 11. The Left                                       | 639            | 0.01       | -        |
| 12. The Oath of Robert Šlachta                     | 251,562        | 4.68       | -        |
| (PŘÍSAHA)  |                |            |          |
| 13. SPOLU  | 1,493,905      | 27.79      | 71       |
| 14. Seniors21                                      | 3,698          | 0.06       | -        |
| 15. Urza.cz: We don't want your votes              | 6,775          | 0.12       | -        |
| 16. Czech Crown                                    | 8,635          | 0.16       | -        |
| 17. Pirates and STAN                               | 839,776        | 15.62      | 37       |
| 18. Communist Party of Bohemia and                 | 193,817        | 3.60       | -        |
| Moravia  |                |            |          |
| 19. Moravian Land Movement                         | 1,648          | 0.03       | -        |
| 20. ANO 2011                                       | 1,458,140      | 27.12      | 72       |
| 21. We will open the Czech Republic to normal life | 21,804         | 0.40       | -        |
| 22. Moravians                                      | 14,285         | 0.26       | -        |

| Number of voters registered | Number of voters<br>who voted | Turnout, per cent |
|-----------------------------|-------------------------------|-------------------|
| 8,275,752                   | 5,414,637                     | 65.43             |

Source: Data of the Czech Statistical Office.<sup>54</sup>

More detailed election results can be accessed on the <u>CStO website</u>.

#### **ABOUT ODIHR**

The Office for Democratic Institutions and Human Rights (ODIHR) is the OSCE's principal institution to assist participating States "to ensure full respect for human rights and fundamental freedoms, to abide by the rule of law, to promote principles of democracy and (...) to build, strengthen and protect democratic institutions, as well as promote tolerance throughout society" (1992 Helsinki Summit Document). This is referred to as the OSCE human dimension.

ODIHR, based in Warsaw (Poland) was created as the Office for Free Elections at the 1990 Paris Summit and started operating in May 1991. One year later, the name of the Office was changed to reflect an expanded mandate to include human rights and democratization. Today it employs over 150 staff

ODIHR is the lead agency in Europe in the field of **election observation.** Every year, it co-ordinates and organizes the deployment of thousands of observers to assess whether elections in the OSCE region are conducted in line with OSCE Commitments, other international obligations and standards for democratic elections and with national legislation. Its unique methodology provides an in-depth insight into the electoral process in its entirety. Through assistance projects, ODIHR helps participating States to improve their electoral framework.

The Office's **democratization** activities include: rule of law, legislative support, democratic governance, migration and freedom of movement, and gender equality. ODIHR implements a number of targeted assistance programs annually, seeking to develop democratic structures.

ODIHR also assists participating States' in fulfilling their obligations to promote and protect **human rights** and fundamental freedoms consistent with OSCE human dimension commitments. This is achieved by working with a variety of partners to foster collaboration, build capacity and provide expertise in thematic areas, including human rights in the fight against terrorism, enhancing the human rights protection of trafficked persons, human rights education and training, human rights monitoring and reporting, and women's human rights and security.

Within the field of **tolerance** and **non-discrimination**, ODIHR provides support to the participating States in strengthening their response to hate crimes and incidents of racism, xenophobia, anti-Semitism and other forms of intolerance. ODIHR's activities related to tolerance and non-discrimination are focused on the following areas: legislation; law enforcement training; monitoring, reporting on, and following up on responses to hate-motivated crimes and incidents; as well as educational activities to promote tolerance, respect, and mutual understanding.

ODIHR provides advice to participating States on their policies on **Roma and Sinti.** It promotes capacity-building and networking among Roma and Sinti communities, and encourages the participation of Roma and Sinti representatives in policy-making bodies.

All ODIHR activities are carried out in close co-ordination and co-operation with OSCE participating States, OSCE institutions and field operations, as well as with other international organizations.

More information is available on the ODIHR website (www.osce.org/odihr).

## ECONOMY IN CZECH REPUBLIC<sup>1</sup>

#### **ECONOMIC SITUATION**

The economic outlook for the Czech Republic remains uncertain due to the aftermath of the pandemic, the return of inflation and now the consequences of the war in Ukraine. As a result of the health crisis, the Czech Republic recorded its worst recession (-5.6%) in its history in 2020. The rebound in activity in 2021 with growth at 3.3% remained below forecasts, penalised by supply difficulties in the manufacturing industry. Faced with a deficit of 4.5% of GDP in 2021, the new government has made the reduction of public debt (debt of EUR 102.13 billion and deficit of EUR 17.15 billion in 2021) and the control of public finances a priority. The consequences of the Russian invasion of Ukraine on the Czech economy are significant, marked by high inflation (16% annualised in May 2022) fuelled by rising energy and food prices, while the country is hosting an ever-increasing number of refugees (around 360 000).

The structural vulnerabilities of the Czech economy are well identified: faced with the insufficiency of public investment (with, in particular, irregularities in the management of structural funds), the national strategy for innovation 2019-2030 has planned, in order to prepare the upmarket development of the Czech economy, to increase R&D funding to reach 2% of GDP in 2020 and 3% in 2030 (compared to 1.1% of GDP in 2000 and 1.8% of GDP in 2016). The strategy includes specialisation in the artificial intelligence sector. The Czech Republic will also have to carry out its necessary energy transition, as coal is still the main source of energy.

1. <a href="https://www.diplomatie.gouv.fr/fr/dossiers-pays/republique-tcheque/presentation-de-la-republique-tcheque/">https://www.diplomatie.gouv.fr/fr/dossiers-pays/republique-tcheque/presentation-de-la-republique-tcheque/</a>

#### ECONOMIC FORECAST FOR CZECH REPUBLIC 1

Real GDP is forecast to grow by 2.3% in 2022 and 2.0% in 2023, somewhat less than in 2021, when the economy expanded by 3.5%. This lower growth results from exacerbated supply chain disruptions following the Russian invasion of Ukraine and China's zero-COVID policy, as well as the elevated global inflation rate and the tightening of monetary policy.

| INDICATORS          | 2020 | 2021 | 2022 | 2023 |
|---------------------|------|------|------|------|
| GDP GROWTH (%, YOY) | -5,5 | 3,5  | 2,3  | 2,0  |
| INFLATION (%, YOY)  | 3,3  | 3,3  | 13,9 | 5,8  |

The Czech economy started 2022 on a strong footing, with 0.9% q-o-q growth in the first quarter, fuelled by an increase in investment and a positive contribution of net exports. However, in the second quarter of 2022, the economy is forecast to contract, as the negative economic effects of the Russian invasion of Ukraine are expected to fully mature. Over the remainder of 2022, economic growth is projected to stagnate as increases in the cost of finance and reduced real income continue to drag on economic activity. In 2023, the macroeconomic situation is expected to improve but growth will remain below its historical average. Output is forecast to surpass its pre-pandemic level in the second quarter of 2023.

Compared to the Spring Forecast, real GDP growth is revised upward for 2022 to reflect the strong first quarter in which supply chain bottlenecks affected Czechia's industrial economy less than anticipated. Output growth for 2023 is revised downward, consistent with the deteriorated global macroeconomic outlook.

1. <a href="https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/czechia/economic-forecast-czechia\_en">https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/czechia/economic-forecast-czechia\_en</a>



Inflation has been increasing since the start of the postpandemic recovery. The supply chain disruptions caused by Russia's war of aggression against Ukraine add to these inflationary pressures, affecting besides the prices of energy and other production inputs, the prices of agricultural products. The Czech economy will therefore be subject to exceptionally high and broadbased inflation over 2022, and is set to experience second-round effects on for instance wages, which contribute to the height and persistence of inflation.

Inflation is expected to peak in the third quarter of 2022, when HICP growth is forecast to increase to 16% y-o-y. Inflation is foreseen to decline afterwards, when the impact of the loss of real income and the effectiveness of tightened monetary policy are expected to prevail.

Inflation as measured by HICP is forecast to average 13.9% over 2022 and 5.8% over 2023. This upward revision compared to the Spring Forecast is due to higher than expected inflation in the first half of 2022. Headline- and core inflation are forecast to converge in the first half of 2023.

#### COMMISSION COUNTRY REPORT

#### **ECONOMIC AND EMPLOYMENT SNAPSHOT**

#### Challenges and opportunities on the way to recovery

Czechia's economy grew strongly before the crisis, catching up with the EU average. Pre-crisis growth was driven by solid domestic demand and foreign trade. Average annual GDP growth of 2.5% between 2010 and 2019 (compared to an EU average of 1.6%) ensured national convergence to the EU average. During these years, GDP per capita in purchasing power standards increased from 84% to 93% compared with the EU average. Deeper integration in global supply chains and a significant inflow of EU funds supported growth during this period. Czechia therefore entered the pandemic on a solid economic footing, with significant room for policy support.

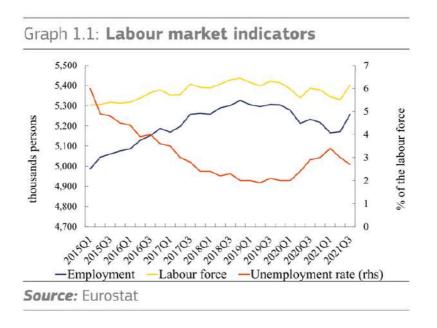
The Czech economy was hit hard by the pandemic but has been recovering steadily. The COVID-19 pandemic led to a sudden contraction in GDP in 2020 as containment measures disrupted economic activity, confidence fell across all economic sectors and foreign demand dropped. As a result, the real GDP contracted by 5.8% in 2020. While recovering from the 2020 recession, the negative impact of supply-chain disruptions continued to cause issues for the Czech economy in 2021. Despite that, the Czech economy rebounded by 3.3% in 2021, benefitting from the easing of the pandemic related restrictions and strong private consumption which was also a result of accumulated savings. Economic activity is expected to regain momentum in 2022 and 2023, surpassing its pre-pandemic level, and forecast is expected to grow by 1.9% in 2022 and 2.7% in 2023.

Inflation pressures have increased. Consumer price inflation increased to 3.3% in 2021, driven by fast-growing prices for commodities, production inputs and adverse supply side developments. A sharp increase in regulated energy prices and the related indirect effects, faster food price growth, and increases in prices of services are expected to contribute to a further rise in inflation this year. As a result of extreme price pressures caused by the Russian invasion of Ukraine - especially in the area of commodities, and to a lesser extent, the related exchange rate depreciation of the Koruna (CZK) - inflation is very likely to increase noticeably, albeit temporarily, in the months ahead. This will bring the average annual increase in the Harmonised Index of Consumer Prices (HICP) to 11.7% in 2022. Well-anchored inflation expectations should prevent temporary price pressures from becoming entrenched and allow inflation to slow to 4.5% in 2023.

1. https://ec.europa.eu/info/files/2022-european-semester-country-report-czechia\_en\_

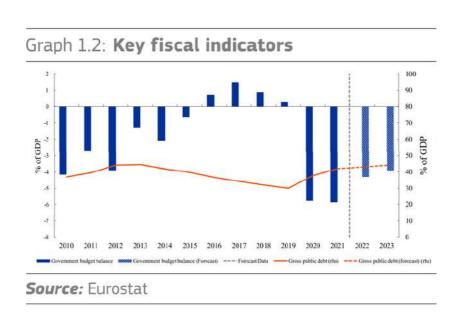
Czechia's labour market performance remained strong throughout the crisis, but employability and activation of certain groups remain a challenge. Czechia has shown strong labour market resilience, with unemployment and employment rates at the end of 2021 close to their pre-crisis levels and the unemployment rate among the lowest in the EU. The 'Antivirus I and II' short-time work schemes, both supported by the European Social Fund and the European Instrument for Temporary Support to Mitigate Unemployment Risks in an Emergency (SURE) (see Annex 3), have proven effective in protecting employment. At the end of 2021, there was a shortage of employees in most sectors – notably in manufacturing and in construction - and regions, and the unemployment rate fell. At the same time, a lack of skilled labour and skills shortages pose a significant barrier to the diffusion of innovation.

There are disparities in labour market and social outcomes between population groups. The unemployment rate is set to decrease from 2.8% in 2021 to 2.6% in 2023 (Graph 1.1). However, the gender pay and employment gaps remain high, driven in part by the still limited provision of early childhood education and care. The employment impact of parenthood for women with young children remains among the highest in the EU. Improving the relatively low labour market outcomes for vulnerable groups, such as Roma people and people with low levels of skills, would help support the implementation of the European Pillar of Social Rights and reach the 2030 EU headline target on employment. The proportion of people at risk of poverty or social exclusion is among the lowest in the EU, though it remains high for specific groups (e.g. Roma, women aged over 65) and regions (e.g. North-West Bohemia). Dedicated support through the European Social Fund (ESF) helped boost employment and address skills needs.



Czech regions face different challenges. While richer regions suffer from housing unaffordability and pressures on the suburban transport networks, the poorest areas face issues arising from demographic pressures, social exclusion, and an insufficient focus on key areas such as energy transition innovation, and digitalisation (see Annex 15). The Prague region is the only region in Czechia classified as a strong innovator.

Czech public finances responded strongly during the pandemic but permanent measures will lead to a deficit in the medium term. Before the start of the pandemic, from 2016 to 2019, the Czech budget had a slight surplus and the debt-to GDP ratio had decreased to 30% (Graph 1.2), one of the lowest among EU Member States. At the start of the pandemic, the government took measures to support the most affected sectors, maintain employment and boost the economic recovery. Gradual withdrawal of these temporary support measures is envisaged in 2022 at the latest leading to a decrease in the general government deficit to 4.3% in 2022 from a higher 5.9% in 2021. Due to measures with permanent effect (for example the reduction of the personal income tax), the deficit is expected to remain at 3.9% in 2023, above pre-pandemic levels. The general government debt-to-GDP ratio is forecasted to increase from 41.9% in 2021 to 44.0% in 2023



Fiscal sustainability challenges are expected to intensify in the medium and long term due to population ageing. The debt-to-GDP ratio is expected to remain on an increasing path by 2032, though starting from a relatively low level from an EU perspective. Together with a projected increase in age-related expenditure, these debt developments are expected to cause fiscal sustainability challenges (see Annex 19). In particular, a projected doubling of the old-age dependency ratio (according to European Commission-EPC 2021 Ageing Report) and the capping of the Czech retirement age will lead to the anticipated increase in total ageing costs of 6.1 pps by 2070, split between spending on pensions, healthcare and longterm care. These challenges will need to be addressed to safeguard the long-term sustainability of public finances.

Challenges related to labour costs, indebtedness, and competitiveness remain contained. Unit labour cost growth was high already before the pandemic. It accelerated further in 2020 on the back of labour hoarding associated with the COVID-19 crisis. However, with the recovery in productivity, unit labour cost growth is expected to moderate despite strong wage growth in 2021 and 2022. Further improvements in the business environment including reducing administrative barriers, tackling late payments and improving access to risk financing could all lead to further increases in productivity (see Annex 10). External vulnerabilities remained contained. Private debt increased in 2021 but remains contained. The banking sector is well capitalised and its profitability is well above the EU average, while the non-performing loans ratio is below the EU average.

Czechia has reduced its net greenhouse gas emissions in 2020 by 40% compared to 1990. Czechia's high reliance on Russian fossil fuels necessitates an accelerated roll out of renewables and energy efficiency investments, as well as diversification of its supply sources. A broad range of technologies, including solar, wind, geothermal, renewable hydrogen and sustainable bio-methane could be developed further to substitute for natural gas imports, particularly in households and industry. Czechia will face increasing challenges resulting from climate change natural hazards related to droughts and water stress, requiring more efforts in forest and water management.

House prices have grown continuously, leading to a potential overvaluation. Real house price growth remained high in 2020. The household saving rate increased in 2020 and remained high in 2021 and incomes are expected to continue growing in 2021 and 2022. As a result, house price growth is expected to continue and the available 2021 data indicate an acceleration. While monitoring is needed, the price pressures could be partially mitigated by an expected increase in residential construction in 2021 and 2022, as well as a rise in interest rates for housing loans amid ongoing monetary tightening.

Czechia is progressing towards the Sustainable Development Goals (SDG), but still lags behind in some areas. While Czechia is improving its performance on several environmental sustainability indicators, the current status remains below the EU average (see Annex 1). In particular, Czechia is significantly below the EU average in terms of climate action, showing a lack of investment and reforms. These would also enable Czechia to realise the employment and social potential of the green transition (see Annex 6). Czechia made progress on all of the SDG indicators related to fairness, where it ranks amongst the best in EU. However, progress on life-long learning and gender-equality has been very limited despite Czechia implementing reforms and strategies in this area (e.g. Gender Equality Strategy for 2021 – 2030). In the areas of decent work and economic growth Czechia performs better than the EU average.

#### The invasion of Ukraine affects the economic outlook and social landscape

The Russian invasion of Ukraine poses risks to the outlook of the Czech economy. Czech exports to and imports from Russia represent 1.7% and 2.5% of the GDP respectively, while exports to and imports from Ukraine represent around 0.7% of GDP. Although trade links are minor, they are concentrated in a number of industries, notably in manufacturing, which hosts many energy intensive businesses characterised by complex supply chains (such as the automotive sector). Disruptions of imports therefore pose substantial risks, especially as regards energy. In 2020 for instance, all gas imports, 49% of crude oil imports and 70% of hard coal imports came from Russia.

Supply-side shortages and high energy prices have detrimental impacts on inflation and economic growth. The increase in energy and food prices (for which Russia and Ukraine represent a large portion of global exports) adds to pressure on inflation, as these items represent an above EU average proportion of the Czech consumer basket. The government has taken action to mitigate the adverse consequences of high inflation by increasing household allowances, after temporarily reducing VAT on energy in November and December of 2021. Nevertheless, high inflation will weigh on real wages and private consumption. Additionally, the price pressures and the heightened uncertainty, negatively affect investment.

The inflow of displaced persons from Ukraine presents both challenges and opportunities. Czechia has received over 300 000 people fleeing Ukraine. The Czech government responded swiftly to the Russia's invasion of Ukraine by providing humanitarian aid and introducing measures to accommodate those Ukraine. medical displaced from including coverage and unemployment benefits and retraining expenses. With a significant share being children, ensuring continuation of education through access to mainstream education emerged as priority. Czechia introduced a range of measures to provide access to childcare and schooling, however their availability is put at risk. Based on the current number of registered people displaced from Ukraine, it is expected that starting in September 2022, about 125 000 Ukrainian students could participate in the Czech education system. In the absence of additional measures, the provision of childcare could reach its limits. Setting up systematic mapping of the availability of mainstream childcare and education systems is essential to ensure integration and to efficiently direct resources to ease pressure on certain territories. Short to medium-term integration of people fleeing Ukraine will have an impact on the government budget and lead to increased pressure on social and healthcare system due to staff shortages.

In the medium to long term, the budgetary impact could ease if people displaced from Ukraine participate in the labour market, providing more dynamism in the context of labour and skills shortages of workers. As of 21 March, those who fled Ukraine and registered can work without any additional permits. Stable and sufficient funding for childcare provision will be instrumental to enabling the labour participation of women with children who constitute the majority of the adult population fleeing Ukraine. The spike in migration has structural implications for the overheated Czech housing market, adding to the housing affordability and energy poverty challenges.

The worsening macroeconomic situation will also have implications for plans to consolidate the budget. The effects of the invasion of Ukraine, the economic sanctions, the supply shortages and high levels of inflation are likely to dampen economic growth and add pressure on budgetary revenues. Simultaneously, increased spending is needed to manage the inflow of people fleeing Ukraine and to support households which are most affected by high energy prices. The consolidation of the government budget therefore faces new challenges after already registering deficits during the COVID-19 pandemic. Czechia can benefit from exceptional flexibilities provided in the framework of CARE Regulation and additional pre-financing under REACT-EU to urgently address reception and integration needs for those fleeing Ukraine as a result of the Russian invasion.

**READ THE FULL REPORT HERE** 

### **USEFUL INFORMATION**



#### • Taxis inPrague:

ProfiTaxi: (+420) 844 700 800
CityTaxi: (+420) 257 257 257
TaloTaxi: (+420) 244 114 411

• FMA contact - Elisabetta Fonck: +32 479 30 02 86

• FMA office contact -Valerie Raskin: +32 2 28 40703

#### **HOTEL INFORMATION**



**Century Old Town Prague MGallery Hotel Collection** 

Address: Na Poříčí 7, 110 00

Petrská čtvrť, Czechia **Phone:** +420 221 800 800

## TOURISM INFORMATION CENTER



Tourist Information Centre - Staroměstská radnice (Old Town Hall)

**Address:** Staroměstské nám. 1, Staroměstské nám. 1/4, 110 00 Praha 1-Staré Město, Czechia

Phone: +420 221 714 714

Hours: Monday: 11am / 7pm

Tuesday - Sunday: 9am / 7pm

# CZECH CURRENCY

The official currency in Prague is the **Czech crown**, although they accept euros almost everywhere, always with a very unfavorable exchange rate. More than 7% of the value of your purchase can be lost.

#### Options:

- Change money in the country of origin.
- Use a card that does not charge commissions for use abroad.
- <u>Avoid</u> exchange offices at airports, train stations or very touristic places such as around the Old Town Square.
- Exchange rate 17 October 2022:
   € 1 EUR 1 CZK = 0.0407 EUR