

Shaped by pragmatism: What the Czechs want to get out of Brexit

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*The UK is the Czech Republic's fourth-largest export market, and many of its citizens live in Britain. **Monika Brusenbauch Meislová** looks at the country's negotiating stance and asks whether it will stay in line with the rest of the EU27 – or whether domestic political pressures will lead it to break with the rest of the bloc.*



Before the EU referendum, there was little discussion about Brexit in the Czech Republic. The country seemed to expect Remain to prevail. A poll conducted a few days before the referendum found 60% of Czechs did not want to see the UK leave the EU, with the economy cited as the most common concern.

Yet with the UK on its way to withdrawing from the bloc, the Czech Republic is about to lose an important ally. The partners have shared a similar outlook on a range of policy areas, including an emphasis on deepening and liberalising the single market, as well as attitudes towards the eurozone and nuclear power. Both countries also enjoy close (albeit asymmetrical) economic and trade relationships. The UK is the Czech Republic's fourth-largest export market (trailing only Germany, Slovakia and Poland) and the second largest when re-exports are included. For some sectors, such as automotive and electronic equipment, the UK – which is also one of the biggest foreign investors in the country – is a crucial market. The Czech Republic has a large trade surplus with the UK, too.

What is the Czech Republic's official stance on Brexit?

Defining Czech Brexit priorities



Bohuslav Sobotka and Jeremy Corbyn at a Party of European Socialists meeting in 2016. Photo: [PES Communications](#) (CC-BY-NC-SA 2.0)

Czech initial reaction to the results, as elsewhere, was swift. The social democratic Prime Minister Bohuslav Sobotka, who has been leading the country's coalition government since 2014, made it clear in his tweet the day

after the UK's vote that he regarded the result as most unfortunate. At the same time, he emphasised that Britain's decision was serious and irreversible. Generally speaking, the most common interpretation of Britain's decision to leave the bloc from Czech politicians and policymakers was that it desperately signalled the need for EU's change and transformation.

The Czech government made it clear early on that it was not interested in a politics of revenge that would make the UK pay a hard price for leaving the bloc. Sobotka, for example, advised all sides on the future negotiating table to maintain a traditional British cool. In the same spirit, Foreign Affairs Minister Lubomír Zaorálek refused to play hardball, expressing absolute disagreement with "those statements suggesting that now we will make life tough for Britain".

Sobotka has repeatedly pledged to take "certainly a very active" role in an effort to maximise Czech impact on the EU negotiation position. At the same time, he vowed to ensure that the UK cannot cherry-pick benefits of EU membership.

Two weeks after the referendum, the Czech government established a Brexit Working Group chaired by the State Secretary for European Affairs and consisting of representatives from individual ministries and economic and social partners. Its main task is to formulate crucial Czech interests vis-à-vis Brexit and analyse its consequences. Its proposals are presented not only to the government, but to all parliamentary political parties, which are also invited to participate in the debate. In practice, the group's activity concentrates on the following subareas: legal aspects, macroeconomic impacts, microeconomic impacts, economic opportunities, political impacts, institutional opportunities, future of EU-UK relations and the EU's future *per se*. So far, the group has met seven times.

Seeking the widest possible agreement on the Czech stance, Sobotka also called a meeting of parliamentary party leaders during the second half of February 2017 in order to fine-tune the Czech negotiating position. As a result, a joint statement was issued which was intended to be part of the Czech government's mandate for Brexit negotiations. Sobotka went to great lengths to emphasise that such a moment of accord is very rare on the Czech political scene. According to him, the consensus between the ruling and opposition parties is so strong that even the outcome of the forthcoming October general elections will not affect it. (We should note, however, that two parties immediately attached a condition that the priorities will have to be further discussed by their party bodies in order to be considered valid.) So what are the Czech Republic's core priorities for the first phase of Brexit negotiations?

The state of play

The Czech Republic is very keen to minimise post-withdrawal disruption to its economic links with the UK. Given its close trade links with Britain, it comes as little surprise that the country places economic concerns at the heart of its policy goals. Its economic priorities vis-à-vis Brexit negotiations are twofold. Firstly, the Czechs intend to safeguard the interests of their exporting firms and stimulate further inflow of British investment. PM Sobotka has been very explicit about pursuing this:

"We would like future relations between Britain and Europe to exist in such a way as to not threaten our exports to the UK, and for Czech jobs not to be threatened. So that is the spirit in which we intend to negotiate."

Secondly, financial settlements are of particular importance. The UK is a major net contributor to the EU budget and its withdrawal will leave a financial gap, decreasing the total amount of available funds. In contrast, the Czech Republic is a net beneficiary of the EU budget and as such has a very strong incentive to maintain this position as long as possible. Hence the calls for the UK to deliver on its financial commitments. The reasoning behind this is based on a practical assumption: the Czech Republic has already made plans on the grounds of current EU funding, and does not want to see it cut.

Another important aim is to protect Czech citizens living, working and studying in the UK. As it stands now, the official number of Czechs working in Britain is 37,000, with unofficial estimates putting the number much higher at almost 100,000. With their status being a matter of considerable uncertainty, the Czech Republic has been very vocal in making it clear that it will seek guarantees for its nationals and make sure that they retain their privileges in terms of social, health and unemployment benefits. This topic has even begun to overtake economic issues in its importance (although both are clearly intertwined). Of course, this line of reasoning resonates with domestic voters, and is politically useful as parliamentary elections approach. Moreover, Czech policymakers are well aware that expats send a great deal of money home. It should be added that in an attempt to secure good relations with the UK, the Czech government also emphasises the importance of reciprocity – i.e. giving British citizens easy post-Brexit access to the European market.

Another key Brexiteer priority is the Czech government's bid to tempt UK-based EU agencies to relocate to the Czech Republic. The main targets seem to be two prestigious agencies: the European Banking Authority and the European Medicines Agency, both headquartered in London's Docklands. Indeed, in late April the Office of the Czech Government published a letter from Sobotka to the President of the European Commission, Jean-Claude Juncker, offering to host the European Banking Authority in the Czech Republic. Highlighting the advantages of the Czech Republic's central geographical position, the letter specified that the country was committed to the further promotion of European values and to mitigating any post-Brexit risks for the internal market and the EU as a whole. Admittedly, the country is about to face stiff competition to secure the agencies in a bidding war which also involves other EU member states.

Last but not least, the Czech Republic will also want to establish strong links in security and defence policies, ensuring that the UK remains a close partner in these areas.

Compliance with the EU27 position: obedient Member State, or independent troublemaker?

Let us now consider briefly to what extent the Czech stance complies with the EU's official position. Generally speaking, the Czech official position over Brexit largely converges with that of the EU27. This has been, of course, well received in Brussels, which has underlined the importance of maintaining a united position on Brexit.

The Czech Government often echoes EU officials' proposals and approaches, be it the indivisibility of four EU freedoms (meaning that the UK must guarantee all four freedoms, including freedom of movement, if it wants access to the single market) or rejection of parallel two-track talks about Britain's withdrawal and future relationship with the EU (meaning that negotiations on future UK-EU trade relations can only begin after sufficient progress has been made on key "divorce terms", including citizens' rights). In the same vein, the Czech PM tends to speak highly of the EU leaders' unified and common approach, as was the case when the European Council approved a joint EU strategy for negotiations with the UK.

In late January, however, a leading member of the Czech government – the interior minister Milan Chovanec – broke ranks with the bloc. Criticising the EU27 on its handling of the negotiations, he called for the Czech Republic to undertake an independent initiative with the UK, instead of waiting for an EU-UK deal. More specifically, he wanted the Czech Republic to go it alone and unilaterally launch talks with the UK over the status of Czech citizens living in Britain, adding that the Czech government was already engaged in "intensive" discussions with the UK government.

This move was targeted primarily at a domestic audience. But it still met with strong disapproval. Firstly, it was not well received in Brussels, given its fears that any break from the common position could prompt other member states to follow suit, thus weakening the EU's position. Secondly, the suggestion of intensive discussions with the UK government caused displeasure in the UK and was quickly denied by British officials who emphasised that they had been very clear about their lack of interest in bilateral deals. Thirdly, Chovanec's words were not appreciated by the rest of the Visegrad Group (of which the Czech Republic is a member), as the V4 has formally called for solidarity in any dealings with London. Intriguingly, though, the official Czech government's reaction to these statements was very muted.

And this was not the only time that the Czech Republic had been mentioned in connection with the cracks in the EU-wide unity. During the Bratislava summit, the Visegrad Group came up with its own red lines, announcing that it was prepared to effectively veto any Brexit accord between the UK and the EU that would restrict their citizens' rights to live and work in the UK. Declaring that they would be uncompromising in this respect, it was a stark reminder of the challenges – unprecedented in scale – that will be faced at the negotiating table.

Let the games begin...

The Czech positions on Brexit tend to be rather general and broadly-defined. On the other hand, one would rarely expect to see all the cards on the table at this stage of negotiations. As in any negotiation, keeping one's cards (more or less) hidden and maintaining secrecy around one's negotiating objectives and tactics might improve the bargaining position. More specific priorities are thus likely to appear later as the negotiations get under way.

The Czech Republic's position on Brexit – as is characteristic in its dealings with the EU – appears to be shaped primarily by pragmatic considerations. This suggests that also its negotiating approach is likely to be similarly pragmatic. The fact that the Czech government tends to approach Brexit in a “transactional” sense, with the priorities dominated by (if not subordinated to) economic considerations, hints that economic interests are foremost in the government's mind. But the occasional breakaway positions and diplomatic blunders only weaken Czech bargaining power, both internally and externally, and compromise its credibility and reputation.

Nonetheless, the Czech Republic's priorities are not set in stone. Its boundaries will change in the course of negotiations as new circumstances dictate a reconsideration of earlier objectives. This has already happened in January, when the Czech government announced that it would have to redefine its stance in response to Theresa May's Brexit speech. Brexit will be a lengthy and intricate process and new challenges are bound to emerge.

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Note: This article gives the views of the author, and not the position of EUROPP – European Politics and Policy, nor of the London School of Economics.

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